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SCHLUTER DISCUSSES POLITICAL, ECONOMIC ISSUES, UPCOMING ELECTION

Copenhagen BERLINGSKE AFTEN in Danish 10-14 Apr 87 pp 1-2

[Interview by Solveig Rødsgaard: "Poul Schluter Now Warning Nonsocialists"]

[Text] Dissatisfied nonsocialist voters demonstrated on the municipal election day by staying at home. But the price will be too high for a demonstration in the elections to the Folketing, says Poul Schluter, for in that case the composition of the Folketing will not reflect the positions taken by the voters. Incidentally, the prime minister considers it quite unlikely that the election will result in a Conservative minority government. And he, moreover, says that half of the Conservative voters, like himself, "are not so Conservative that it matters."

It will amount to unreasonable self-torture if nonsocialist voters will punish the Four-Leaf-Clover Government by staying at home on the election day. This was Poul Schluter's reaction to the suggestion that smouldering dissatisfaction will cause cross nonsocialist voters to prefer staying at home to voting on the election day.

The prime minister admits that the Four-Leaf-Clover Government has not been entirely successful in all areas, and that is the reason why many nonsocialist voters demonstrated by failing to participate in the municipal elections, where the cost was not too high. But the elections to the Folketing are serious, since nonsocialist voters deciding not to participate in the election may pave the way for a socialist majority, which, in reality, is no reflection of the positions taken by the population, the prime minister said.

The Public Sector

According to the prime minister, the major problem in Denmark is still the public sector. It is too burdensome in relation to the capabilities of the production sector. That is why it is necessary to put a stop to an increase in public expenditures in the coming years, the prime minister said.

The government will therefore have to take a firm position in relation to the many interest groups that are exerting pressure. "Which only have their own

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organizations in mind and which are working at high pressure constantly to feather their nests," the prime minister said. He went on to say:

"A decreasing number of people take an overall view of things. That is the task of the political parties. The total public expenditure burden in terms of percentages of the gross national product is declining. That should not be forgotten--even if we have too high taxes.

However, what in the long run determines the level of taxes is the trend of the expenditure burden. When the government took over, it amounted to 62 percent of the gross national product, today it is approximately 56 percent. However, the public sector in Denmark is still too much of a burden to our production sector. For this reason, it is very important to put a stop to the increase in the public expenditures for many years to come. I would like to point out that it is not a question of firing people in the public sector. It is a question of making plans how to make cutbacks in one area when there is a need to develop another area. There is but little willingness to do so. This does not happen by itself. That is why the government will have to carry on very intensive negotiations with counties and municipalities in the near future.

Poul Schluter rejects the idea that it is especially the Liberal Party that has taken a critical view of the public sector, while the Conservatives may not have been prepared for the same degree of confrontation.

Balance of Payments

[Question] Is the problem of the nonsocialist government not that even if you claim very proudly that you have managed to eliminate the deficit in the state finances, the big disappointment to nonsocialist voters is the tax pressure? Do you believe that nonsocialist voters find that you have pursued the nonsocialist policy people demanded of you when you took over?

[Answer] Numerous nonsocialist voters had expected and hoped that they would already now have had a lower tax burden. But we are unable to reduce the tax burden. It is not enough having a balance in the state finances, which we have now got. We still have to fight the incredibly large interest expenditures. They amount to approximately 56 billion kroner, which is nearly the amount paid by 5 million Danes in income tax to the state. There will only be room in our system when the extraordinarily huge item of 56 billion kroner approaches the zero point, provided that we, at the same time, approach a balance of payments equilibrium."

[Question] There are not many indications to that effect?

[Answer] Indeed, there are. During the last few months, we have seen considerable improvements in the trend of the balance of payments. A comparison of the figures for the most recent 4 months--November, December, January, and February--with the figures for the corresponding months the year before shows an improvement of approximately 5 billion kroner.

I believe this trend will last for a number of months. We now clearly notice the declining trend in the consumption rate, and I do not expect the consumption rate to increase this year. Despite a few costly collective agreements. The behavior pattern of Danes is affected by the potato diet, which, undeniably, is still effective, as well as by the tax reform, which does not encourage borrowing.

There is another reason. During the years when the employment rate increases sharply, the rate of productivity will tend not to improve, since there are large numbers of new employees who have to learn the working process. During periods when the rate of employment does not increase as sharply, is declining or constant, we usually see improvements in the rate of productivity. This year we shall hardly experience any improvements in the employment rate, which is unfortunate. But I expect an improvement in the productivity rate. I may put it differently: It is absolutely vital for it to occur.

Positive Social Developments

[Question] Assuming that the election will take place in the fall, when the government has been in power for 5 years. After that time you will have to explain to the voters that they will have to vote on the Four-Leaf-Clover Government in order for the government to continue in power. How will you be able to do that when the only thing you can show is the risk of a declining employment rate, you may not be able to discern any increase in the rate of productivity, and the balance of payments is in a very poor shape. Will you be able to merely tell the voters: vote for us, in 2-3 years things may improve?

[Answer] One never finishes in politics. There have been many positive features in the social developments, also the economic trends, under the Four-Leaf-Clover Government. Beyond the big investments and the elimination of the deficit in the state finances, we might point to the 180,000 new jobs, the majority of which have been created within the private sector. In the preceding decade, before the Four-Leaf-Clover Government took over, things were different. Should we have been able to pursue a tighter incomes policy? Who can today tell us that we ought to have taken stricter measures 4½ years ago than the elimination of the cost-of-living adjustment at the same time as we requested and managed to persuade the parties in the labor market to accept wage increases of 4 percent annually in 1984 and in 1985 intervened with wage increases of 2 percent? Who recommended that we resort to stricter measures? It was, in fact, a revolutionary rearrangement of incomes that we carried through."

Counterpart to the Four-Leaf-Clover Government

[Question] Nevertheless, you achieved a record-high balance of payments deficit of 34 billion kroner in 1986, as far as Denmark is concerned?

[Answer] We had all of us hoped that we should be able to eliminate the balance of payments deficit at an earlier point.

We managed to eliminate the deficit in the state finances in 1986, we thought that it would only be in 1990. On the other hand, we did not achieve our other goal, a balance of payments equilibrium by 1988. That requires a longer time. One of the reasons--that is not an excuse, merely an explanation--is that the international demand declined considerably.

I shall be the first one to admit that the policies pursued by the Four-Leaf-Clover Government have not been sufficiently successful in all areas. But one may also ask the question: What about the counterpart? If the Social Democratic Party had continued in power after 1982, would we then have got the tight incomes policy, would we then have got entirely rid of the cost-of-living allowance, would we then have managed to eliminate the deficit in the state finances of 80 billion kroner? Of course, we would not.

If we take a look at the policies pursued by the Social Democratic Party--we can ignore the Socialist People's Party entirely--it is, of course, a question of making very quick decisions of public expenditures of billions of kroner, which will have to be financed via an increased tax burden. Studies of Social Democratic proposals, presented in the Folketing from October till March, show increased expenditures of 12.5 billion kroner. When the choice is between a continuation of the policy pursued by the Four-Leaf-Clover Government with the successful results we have achieved and with the expectation of the results we have not yet achieved but expect to achieve, and the Social Democratic Party and the Socialist People's Party, I have no doubt that the Four-Leaf-Clover Government will be given the opportunity to complete its task."

[Question] Do you not fear that many nonsocialist voters will simply remain at home on the election day, that they do not want to give such expression to their dissatisfaction as to vote for the Progressive Party but simply remain at home?

[Answer] No. I believe that a fairly large number of nonsocialist voters abstained from voting in the municipal elections. I do not agree with their opinion, but I believe that many felt they had the opportunity for a minor demonstration since the price would not be too high if they did it. But when it comes to the elections to the Folketing, it is really serious business. And I believe that by far the vast majority feel that they share in the responsibility for avoiding a socialist majority. It would be a bad thing for that to happen simply because 50,000 or 100,000 nonsocialist voters abstained from voting because of a lack of enthusiasm. The risk in abstaining from voting is too great. The consequence might be that the socialists would acquire the majority of seats in the Folketing, which in reality would not reflect the positions of the voters. It would be a disaster, a self-torture without sense.

Real Interest Tax and Capital Tax

[Question] It appears from the debate that nonsocialist voters, in particular, are dissatisfied with the capital tax and the real interest tax?

[Answer] Yes, there are problems in both areas. Nobody has said that more clearly than Minister of Taxes and Public Revenues Isi Foighel. He has been working for a long time to create the basis for a revision of the legislation governing real interest taxation, and he is a strong supporter of efforts to reduce the capital tax. If we get a majority of the Social Democratic Party and the Socialist People's Party, we may just as well give up any efforts in these two areas. That is quite certain. If the Four-Leaf-Clover Government remains in power, we may hopefully solve these two things in a sensible way.

[Question] What is your reaction to the efforts on the part of the PFA [expansion unknown] to collect signatures for a ceiling on the real interest tax?

[Answer] None. Director Andre Lublin is well within his rights to fight for his viewpoints, and I understand why he does it. I do not always find that it is useful. But there are sometimes people who fight for a cause in such a way that they do not benefit it, though this was their intention. The fight we experienced some weeks ago between Lublin and Lykketoft does not actually seem to improve the prospects of getting in touch with Lykketoft in this matter. Though this is what the rest of us have been trying for a long time.

[Question] You are thus saying indirectly that Lublin is ruining the government's possibilities of negotiating with the Social Democratic Party?

[Answer] No, I find that I said it directly.

Rejection of Conservative Minority Government

[Question] Many people within the Social Democratic Party believe that after the election it will be a question of a Social Democratic minority government or a Conservative minority government. Is it realistic to expect a Conservative minority government?

[Answer] I consider that very unlikely. Nor do I consider it desirable. My goal is for the Four-Leaf-Clover Government to continue in government. During the last 4½ years, I have considered it my main task to be the Conservative party leader, though first and foremost to be the leader of the Four-Leaf-Clover Government and making the coalition work. I have felt that we ought to get away from the state of affairs throughout many decades in Danish politics where the Social Democratic Party was able to dominate the scene entirely even if it was not backed up by the majority of the electorate. The Four-Leaf-Clover Government is not backed by the majority of the electorate either. But we have nevertheless had the leadership.

Worst Situation

[Question] But the result of the election may be that the Four-Leaf-Clover Government will become dependent upon both the Radical Liberal Party and the Progressive Party, and that will make things difficult.

[Answer] I am quite aware of the fact that it may become very difficult. But if the result of the election is such that there will be no socialist majority, I shall regard it as a most serious obligation to make things work successfully nevertheless. The nonsocialist voters will feel badly treated by anything else. We certainly do not want a Social Democratic government or a coalition of the Social Democratic Party and the Socialist People's Party if there is no socialist majority. We ran that risk for a large number of years prior to the Four-Leaf-Clover Government because our internal cooperation in the nonsocialist camp remained constantly poor.

[Question] What, in your opinion, would be the worst situation after the election?

[Answer] The worst thing would, of course, be getting a majority of the Social Democratic Party, the Socialist People's Party and the Left-Socialist Party. I also believe that the voters would regret that the next morning. For the majority of the Danes are not socialists.

[Question] When will the election take place?

[Answer] As I have said for nearly 3½ years, the next elections to the Folketing will take place at the end of the election period. It is clear that it might clear the air, so to speak, to have a sudden election. But conversely it is valuable to show that despite a Folketing split into parties, we are able to make the democracy work in a sensible rhythm throughout an entire election period.

[Question] But there have been speculations about an election within the last 6 years, also among the coalition parties?

[Answer] The closer we get to the election, the more exciting it becomes to discuss when the election will take place. I stick to the plan to have the election at the end of the period. However, I have no guarantee that the working conditions will not become unsatisfactory. But I do not believe it.

[Question] Do you adhere to your statement that you are not so Conservative that it matters?

[Answer] Indeed. That applies to at least half of the voters of my party. And they are most welcome within the company.

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CSO: 3613/80

COALITION PARTIES STRIVING FOR UNITY AS ELECTION NEARS

Stockholm SVENSKA DAGBLADET in Swedish 28 Apr 87 p 4

[Article by Thorkild Dahl: "Nonsocialist Parties Investing In Consensus"]

[Text] Copenhagen (SVENSKA DAGBLADET)--"What's important is not what individual nonsocialist parties have gotten out of cooperation in government, but what citizens have gotten out of a nonsocialist government."

So said Knud Ostergaard, chairman of the conservative group in parliament and Prime Minister Poul Schluter's closest political adviser.

Knud Ostergaard is convinced that a nonsocialist government can only succeed if there is close cooperation around a common nonsocialist policy. Otherwise the Social Democratic Party will come to power at the expense of the nonsocialists.

The nonsocialist Danish government has now been in office for so long that at times it astonishes even nonsocialist circles.

"Many gave the coalition government just a few months, but in September it will be five years old. These have been significant years for Denmark," Knut Ostergaard said.

Expect Reelection

The nonsocialists in Denmark expect to be reelected in the upcoming parliamentary election even if opinion polls give them just a narrow majority. Knud Ostergaard nevertheless feels that the climate has changed since the last election.

"Denmark has managed better than other countries so far as production, employment, investments, and lowering the deficit in the balance of payments are all concerned. As far as increases in exports are concerned, we are number two after Japan," Knud Ostergaard said.

Ivar Hansen, group chairman for the next largest party in the coalition, the Liberal Party, makes no secret of the fact that his party is willing to advocate a much more comprehensive "shake-up of Danish society in all those

areas in which Social Democratic leadership of the country failed."

Not Possible

Such a comprehensive "shake-up" was not possible in 1982, when there was a change of government, or after the January 1984 election, when the non-socialist government won its own majority. The party in the middle, the Radical Left, held the decisive seats.

Ivar Hansen is the chairman of the powerful finance committee in parliament, and for that reason it is not that remarkable for him to state that the non-socialist Danish government has come a long way in the economic area.

"In 1982 we experienced increasing unemployment, growing balance of payments problems and an explosive increase in the state deficit. At the end of 1986 we could claim to have created 200,000 new jobs--which was just as good as the private sector--plus the fact that the state's huge deficit got turned into a surplus," he said.

The biggest current controversy within the nonsocialist government is between the Christian People's Party and the Moderate Liberal Party.

The Christian People's Party and the party's only minister, Environment Minister Christian Christensen insisted--and within the government it is said insisted far too much--that agriculture should immediately halt the widespread use of artificial fertilizer, which was seen as one of the main causes of groundwater pollution. This struck at the Moderate Liberal Party's interests as an agricultural party and the positions of both the parties were brought more into line by Schluter as political observers spoke about the government's biggest political crisis.

In other words, the coalition government's grip on power can only be guaranteed if the parties make common cause. But cooperation presupposes changing some of your principles.

The little party in the government, the Democratic Center Party, is the government's real taker of initiatives. It was party leader Erhard Jakobsen at home on his famous leather sofa who managed to convince Poul Schluter that both the major nonsocialist parties, the Conservatives and the Moderate Liberals should shelve their personal feuds and their own party squabbles and embark on nonsocialist cooperation in government.

Niels Bollman, the chairman of the Democratic Center parliamentary group, said that the same thing has also happened and added that his party has been at great pains to be loyal to the other parties and that in several instances this loyalty came at the expense of some of the Democratic Center Party's special interests.

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CSO: 3650/136

CHRISTIAN PEOPLE'S PARTY LEADER REJECTS JOINT CAMPAIGN DRAFT

Copenhagen BERLINGSKE TIDENDE in Danish 29 Apr 87 p 3

[Article by Per Lyngby]

[Text] Uffe Ellemann-Jensen (Liberal Party) wants a joint platform from the Four-Leaf-Clover parties. Flemming Kofod-Svendsen (Christian People's Party) does not want to participate in "concealing the differences existing among the parties."

The chairman of the Liberal Party, Foreign Minister Uffe Ellemann-Jensen (Liberal Party) proposes a joint election platform for the Four-Leaf-Clover parties. But he can forget that, says the national chairman of the Christian People's Party, Flemming Kofod-Svendsen.

"The Four-Leaf-Clover Government should not prepare a joint election platform. The government is composed of four different parties, and there is no reason to conceal the differences existing among the parties," Flemming Kofod-Svendsen points out.

He adds that Prime Minister Poul Schluter's opening speech for October must provide guidelines for the election program of the government. But subsequently it will have to be up to the individual parties to set priorities for the political issues in loyalty to the continued government cooperation.

Proofs of Ability to Cooperate

Uffe Ellemann-Jensen says that 5 years of cooperation and results achieved by the Four-Leaf-Clover Government are proofs of the willingness and abilities of the four parties to cooperate,

"A joint program for the next government period, which will provide the opportunity for continued efforts to solve the fundamental structural problems of the Danish economy, will create the necessary basis for a continuation of the government cooperation," Uffe Ellemann-Jensen said.

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CSO: 3613/80

DEBATE ON SCHLUTER'S FOLKETING OPENING SPEECH DISCUSSED

Stockholm NORDISK KONTAKT in Danish No 14 86 pp 26-28

[Text] The debate in the Folketing on the opening speech of Prime Minister Poul Schluter [Conservative Party] at the opening of the new session of the Folketing became a showdown between the coalition parties and the Opposition, primarily on economic policy issues.

The political spokesman of the Social Democratic Party, Svend Auken, said that Prime Minister Poul Schluter is unable to utter five words in context without coating them with equal parts of self-satisfaction and disparaging comments on the efforts of others.

"If things go wrong, it is never the fault of the government. It is the fault of the previous government or foreign countries--or the population. The Social Democrats are willing to undertake the responsibility for the initial balance of payments deficit of 11 billion kroner, but the government will have to undertake the responsibility for the remaining 22 billion kroner," the Social Democratic spokesman said, adding that the government has squandered the economic upswing in the world.

Svend Auken presented a program for the coming year, consisting of nine items, on behalf of the Social Democratic Party. The Social Democratic Party wants continued opposition to nuclear armament, expanded economic cooperation within the EC, social restoration and increased efforts to solve the unemployment problem. Reinforcement of research efforts, a pension reform and reduced working hours. The Social Democratic Party wants to introduce profit sharing as an ownership reform and reinforcement of the environmental policy.

Future Cooperation

Svend Auken said that the Social Democratic Party will seek influence in cooperation with other parties--primarily the Socialist People's Party.

"But we should like for the Radical Liberal Party, on which the government bases its majority, to loosen its unfortunate paternal ties to the prime minister and his Conservative government. That relationship is unnatural," Svend Auken said.

Grethe Fenger Møller [Conservative Party] said that the Social Democratic Party and the Socialist People's Party compete in making nonserious and unrealistic higher bids, which are no alternatives to the government.

"Force and insecurity are the key words of the policies pursued by the Social Democratic Party and the Socialist People's Party, whereas security and liberty are the key words of the policy pursued by the government," the Conservative spokesman said, adding that Svend Auken unhesitatingly overlooks all of the positive results achieved in the past 4 years that the nonsocialist government has been in power. Lauris Tørnæs [Liberal Party] praised the contribution made by the government and requested the parties in the labor market to incorporate on their own the tight incomes policy in the collective agreements that will be negotiated in the course of the winter.

"It would be unfortunate if agreements were concluded which would cause us to revert to the situation of former times, resulting in increased inflation and declining real wages," he said.

Downright Fraud

The new economic program of the Socialist People's Party was subjected to severe criticism. The economic policy program of a labor government has been compared by the economists of the Ministry of Finance to the computer programs underlying the government's own proposals.

"The result would be a disaster for the country," Mogens Camre [Social Democratic Party], who takes a skeptical view of a cooperation between the Social Democratic Party and the Socialist People's Party, has said himself.

Ole Maistad [Liberal Party] went even further, referring to the proposal as downright fraud.

During the opening debate, Gert Petersen [Socialist People's Party] and Jes Lunde [Socialist People's Party] defended the program:

"The figures originate in a department which has scored the world record in miscalculations with regard to the Danish balance of payments," Gert Petersen said.

"The alternative to the nonsocialist policy is not any generous policy of distribution but a redistribution policy, involving, among other things, shorter working hours and a policy restraining and controlling the marketing forces. You may call it a tight economic policy program, for that is what it is, but with an entirely different perspective than the nonsocialist policy of inequality and insecurity, which is based on a bankrupt liberal ideology," Gert Petersen said.

Appeal to Social Democratic Party

Erhard Jakobsen [Center Democrats] encouraged the Social Democratic Party to cooperate with the government.

"The Social Democratic Party has more in common with the coalition parties than with the Socialist People's Party, and the elections to the Folketing will not take place for another 12 months, so let us make use of those 12 months to introduce a few social improvements which we can now afford," Erhard Jakobsen said. Svend Auken's immediate reaction was that he did not want to reject a cooperation with the coalition parties--but it would have to be based on changed attitudes in many ways on the part of the government.

The spokesman of the Center Democrats, incidentally, requested the population to stop complaining about the tax pressure. "The vast majority of the population experience in their lives that they get more out of the taxes they pay than anywhere else in the world, where the tax pressure may be lower," Erhard Jakobsen said.

He attacked the economic policy pursued by West Germany, charging that it contributes to preventing any improvements in the economies of other countries.

Niels Helveg Petersen, leader of the Radical Liberal Party, confirmed that the government may continue to count on achieving its majority with the help of his party. He enumerated a long series of wishes for the policy of the coming year, but without giving them the form of an ultimatum.

Schluter Boasts

Helge Dohrmann [Progressive Party] said that the policy pursued by the government could be described with one word: Boasting. Incidentally, both he and Pia Kjærsgaard [Progressive Party] made a point of continuously referring to the government as a group of parties pursuing a Social Democratic policy, whereas the real nonsocialist policy is being pursued by the Progressive Party.

"It is downright pitiful to watch this government pursue a Social Democratic policy, including, among other things, the tax reform that will take effect as of the new year," Pia Kjærsgaard said. "It is a policy in direct conflict with Conservative ideals," she said.

Pia Kjærsgaard wanted a clear answer from the Conservatives whether they were prepared to enter into a future cooperation between Denmark's two large parties: the Conservatives and the Social Democrats. And she received a clear answer:

"Contrary to the Progressive Party, which always appeals to the worst traits in man, the Social Democratic Party is a party which has had great influence on the Danish society throughout the past 20-30 years. We would prefer this state of affairs to continue," Knud Østergaard, chairman of the Conservative Folketing group, stated.

7262

CSO: 3613/86

CP PRESS CONFERENCE SEEN SIGNALING NEW OPENNESS THEME

Copenhagen INFORMATION in Danish 10 Apr 87 p 5

[Article by Charlotte Aagaard Larsen]

[Text] The Communist Party wants to get back in Danish politics. This appeared from a press conference held last Thursday with the presently very small party, at which Party Secretary Poul Emanuel presented two candidates for the post of chairman of the party to succeed the resigning chairman, Jørgen Jensen. Jørgen Jensen resigns from the post on account of serious illness.

Rival Candidates Agreeing

The press conference apparently heralded new openness in the activities of the party by presenting ahead of time the two candidates for the chairmanship: Jan Andersen and Ole Sohn. According to a most reliable source, viz. one of the candidates, something similar has not happened since 1958. Since then, the chairmen of the party have been appointed from among the 51 members of the central committee of the Communist Party.

At the press conference last Thursday, which took place as a prelude to the upcoming 28th party congress during the Easter holidays, the reporters attending the press conference did not, however, succeed in obtaining an answer to their question what the difference was between the two candidates. Both adhere to the party's present line, both want to get the Communist Party back into an active role in Danish politics and both find that their agreement reflects that "the party has collective leadership." Pressed for an answer, one of the candidates, 46-year-old Jan Andersen, chairman of the 31th division of the Metal Workers' Union, admitted, however, that "the difference probably is our different backgrounds."

Could you elaborate somewhat on this?

"Well, what we have been doing over the years," was the friendly, informative answer. "This is no fight for the chairmanship in the traditional sense," Jan Andersen explains, referring to Sohn as his partner in the game and not as his opponent.

Demand for Openness

Last Thursday, the Communist Party, moreover, presented its program for the upcoming party congress, which is scheduled to take place on 16-19 April. The main items on the agenda for the congress seem to be the party's position on nuclear power and its position on a broader leadership of the party. In addition, several participants in the congress have proposed a greater debate within the party and greater openness in connection with the work of the central committee. It has been proposed, among other things, to publish a supplement to the daily LAND OF FOLK, in which the affairs of the party may be discussed openly.

Poul Emanuel states that the congress has 405 delegates as well as invited guests from the Communist sister parties throughout the world. In addition to members of the press, the Social Democratic Party, the Socialist People's Party and the Left Socialist Party have been invited to attend the congress.

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JAKOBSON ARTICLE RENEWS DISCUSSION ON EC TIES

Deemphasizes USSR Trade

Helsinki SUOMEN KUVALEHTI in Finnish 27 Mar 87 pp 69-73

[Commentary by Max Jakobson: "Max Jakobson Assesses the Challenges of the Times: Finland Must Again Redeem Its Place in Europe"]

[Text] We neither should nor need to think about what will be happening in the year 2000. It is more important for us to think about what will be happening during the election term that has just begun, writes Max Jakobson, who in this article assesses Finland's role in international politics and in Europe's economy.

Now that Soviet leader Mikhail Gorbachev has opened the knot that he himself tied in Reykjavik, the superpowers are rapidly advancing toward an important agreement on removal of the mid-range missiles located in Europe. This will pave the way for a summit conference. It is likely that even before the year is out Gorbachev will be traveling to Washington as a guest of Ronald Reagan.

The surprise shifts in policy Moscow has made these past few weeks once again demonstrate that, when we speak of Soviet foreign policy, we should never say never. The experts have long assured us that the Soviet Union would never approve an agreement on the missiles if the United States did not first abandon its space defense project. For years they have maintained that the Soviet Union would never allow American inspectors to monitor compliance with disarmament agreements on its territory. Now both are possible.

There are still undeniably many problems in the way of an agreement. Western Europe is especially concerned over the Soviet Union's short-range missiles in the GDR and Czechoslovakia.

The United States' European allies are otherwise concerned. If the American mid-range missiles are removed from Europe, will Western Europe be at the mercy of the enormous superiority of the Soviet Union's conventional military forces?

But Western Europe has never been satisfied with U.S. policy. When the United States seemed to be weak during the Carter administration, Western Europe feared that it would be left unprotected; when Reagan began to step up U.S. strength, Western Europe feared that it would be drawn into a conflict along

with the United States; when U.S.-Soviet negotiations were broken off, Western Europe feared a cold war would begin; now that the United States is once again negotiating with the Soviet Union, Western Europe fears that the superpowers will reach agreement between themselves at the expense of their allies.

Economic Worries of East and West

They no longer listen to Western Europe in Washington. Reagan needs a conspicuous foreign policy success to be able to end his career as a statesman with glory. Gorbachev needs a conspicuous foreign policy success to get his own career as a statesman into high gear.

Reagan and Gorbachev need each other like two boxers who are so exhausted at the end of the round that they can only stay on their feet by leaning on one another. Both are under the pressure of burdensome concerns, but both realize that they cannot get rid of them by beating on each other. Gorbachev's worries are not due to the United States and Reagan's worries are not due to the USSR.

Gorbachev has candidly spoken about his own worries. They are due to the Soviet Union's economic underdevelopment. Sweeping reform is absolutely necessary, but the enormous rigidity of the bureaucracy is an obstacle to this. When Gorbachev assures us that he needs peace and cooperation with the rest of the world to be able to concentrate on the improvement of Soviet society, there is no reason to suspect that he does not mean what he says.

Economic problems have also risen to the foreground in the United States. A spirit of "enough already" raised Reagan to power in 1980. Americans felt that they had been duped in the business of detente. The Soviet Union was constantly increasing its military strength and extending its influence in different parts of the world. The United States was being left in second place. Reagan promised to make America strong again. He may now feel that he has fully achieved that goal. No one can any longer doubt U.S. military strength. In the face of this the Soviet Union has been disposed to make concessions which it could not even have dreamed of a few years ago.

Stupidity Was Worse Than a Crime

But arming itself has been financed by constantly borrowing more money. The entire rest of the world has in fact participated in this since the enormous U.S. budget deficit has been covered by increasing its foreign debt. Wealthy America is the world's biggest debtor. Now the time has come to pay up.

The results of the congressional elections last November already indicated that support for Reagan had begun to wane. Then came the exposes of the White House's peculiar operations in Iran and elsewhere. The accusing officials have been investigating to see whether any laws were broken, but it is even now clear that what happened was worse than a crime; it was stupidity. Privatization should not have been extended to the conduct of foreign policy.

Reagan is himself recovering from the shock he received, but from now on he can only govern in cooperation with Congress and in Congress the majority supports reasonable compromise with the Soviet Union. So in the United States they are once again, as often before, returning to a middle-of-the-road policy.

If the United States and the Soviet Union agree on the elimination of mid-range missiles, as I believe they will, something that has never happened before in history will happen. The missiles referred to in the agreement will not be mothballed or concealed underground, where they could be quickly put into service again, but will instead be destroyed under the eyes of the watchdogs of both countries. Nor are these obsolete devices that would otherwise wind up on the scrap heap, but modern, usable weapons.

Weapons Do Not Go Off by Themselves

The psychological effect of an agreement will certainly be important. But I am very much afraid that getting rid of the missiles just will not in itself change the course of world events.

It will not end the war in Afghanistan or Kampuchea nor the war between Iran and Iraq either. It will not save Lebanon from continued destruction. It will not have the slightest effect on the unfortunate situation in South Africa. It will not prevent dangerous crises from arising on the Indian subcontinent if it turns out that Pakistan has armed itself with nuclear weapons, as seems likely. It will not help Brazil or Mexico get out of their debt spirals. Nor will it resolve the civil war in Nicaragua.

The superpowers have the capability of destroying the world, but not the capability of governing it.

But will not an agreement on the missiles nevertheless reduce the danger of a major war?

Perhaps the correct answer to the question is that it would represent both superpowers' desire to avoid war. They will still have more than enough weapons to destroy each other and the rest of the world many times over. But weapons do not go off by themselves. To touch off a war, there has to be an irreconcilable conflict involving both superpowers' vital interests. Such a conflict is not in sight.

The ultimate reasons for wars just have not changed in thousands of years. Thucydides, that historian of antiquity, wrote of the Peloponnesian War that it was caused by "the growth of Athens' power and the fear this inspired in Sparta." The growth of the Soviet Union's power and the fear this inspired in the United States as well as the countermeasures set in motion by the latter led to an increase in tension in the early part of the decade. Whether the Americans' fear was well-founded or not is a question that will be argued over for yet a long time to come. But in the end Gorbachev's actions have dispelled this fear.

Even before the conciliatory gestures of the past few weeks, a sign that the danger was over could be heard in the opinions of citizens in Europe. Even though no agreement was produced in Reykjavik, not even agreement on the scheduling of the next meeting, there were no signs of concern, no peace marches. People in Western Europe fear terrorists, AIDS and destruction of the environment more than they do atom bombs.

But this rapprochement of the superpowers is certainly a relief, at least for us Europeans. It makes the handling of many affairs easier.

What Will Happen During the Next Four Years?

It is hard for Finland to assess which direction the course of events will take in Europe--in the East and in the West. I am not talking about the year 2000 now, that would be too easy: In the year 2000 no one will any longer remember what we say today. I am now talking about the election term of the next 4 years.

Our relations with the Soviet Union are today without problems. During the parliamentary elections we did not hear a whisper from the East unless we count as such Soviet news magazines' objectively written assessment, which hit the nail on the head, of the growth of support for the Conservative Party. In our relations with the Soviet Union we have long since become accustomed to the "stability and predictability" which party leader Gorbachev said at the recent peace conference in Moscow that the Soviet Union strives for in all of its international relations.

We should above all, of course, like to thank our consistent observance of the Paasikivi-Kekkonen policy line for this. But the matter must also be examined from a broader point of view.

When Gorbachev acceded to power, he on several occasions emphasized that Soviet foreign policy reflects the internal situation in that country. In saying this he was reiterating one of Lenin's theses. The "new way of thinking," which Gorbachev ceaselessly preaches, cannot be limited to just domestic reform; it also involves Soviet relations with the rest of the world. When one shifts from extensive to intensive, from quantitative to qualitative development in the economy, a similar change also takes place in one's security policy.

In Stalin's time the Soviet Union tried to ensure its security through "extensive" means: For defense they relied on political control by expanding the depth of the national territory and by subjugating neighboring nations. But extensive means are no longer effective. Seizing territory by force does not add to one's security in an age of intercontinental ballistic missiles. Keeping other nations in a state of subjugation becomes more and more of a heavy burden. Eastern Europe has become a risk zone for the Soviet Union. In Gorbachev's own words, Afghanistan is a "bleeding wound."

Only Really Good Neighbor?

On the other hand, the fine cooperation that has come into being between Finland and the Soviet Union, which is based on respect for the independence and [political] system of the weaker partner, is one of the success stories of Europe's postwar history. When Soviet leaders today call Finland a "good neighbor," they are certainly being sincere. Do they really have another one?

Now that they have begun to reevaluate the history of the Stalin era in the Soviet Union, it will be interesting to see whether they also select his policy with regard to Finland as an object of scrutiny and what conclusions they draw from it.

How Durable Is the Gorbachev Line?

Naturally, we also have to consider whether we can rely on a continuation of the Gorbachev line. Gorbachev himself assures us that it is "irreversible," but every new leader assures us that this is the case. he has himself admitted that his reforms have run into opposition. It is not politically organized opposition activity, but rather passiveness; but opposition forces may arise if results are slow in coming, as happened in 1964 when Khrushchev was ousted.

In China a handful of students achieved the downfall of a party leader recently by means of a demonstration. The likes of that could scarcely happen in the Soviet Union but, on the other hand, in Eastern Europe Gorbachev's reform policy may set in motion forces that would be hard to control. Illustrative of this is the fact that in Czechoslovakia his speeches are not published in their entirety. After all, they might remind some people what Dubcek said in his time. In the GDR too, the reaction to the Soviet reforms has been reserved. In Romania no one dares to speak openly of democratization.

So it is hard to predict Gorbachev's political future. The fact that he has set in motion a new policy line is, however, irreversible in the more profound sense that, conveyed by technology, socioeconomic development is irreversibly moving in the direction he has marked out.

The World Is Moving "from East to West"

The modernization of society and the economy, humanization and democratization, the liberation of news reporting, the decentralization of economic decision-making and integration into the world economy are all universal trends. The whole world is, figuratively speaking, moving "from East to West," from a centrally managed, planned economy toward market economy forms in differing degrees. Thus the Soviet Union is getting closer to Western Europe. With the loss of power of the communist parties in the Western European countries, ideological antagonism has now subsided. Military dispositions will now be dissolved.

Western European public opinion is receptive to the Soviet bid for cooperation, although suspicions do surface, particularly in France. During the next few years economic interests will in any event be influential in favor of rapprochement. For Finland this will mean a stiffening of competition on Soviet markets. But with a conciliatory atmosphere prevailing, it will also mean more room to maneuver in the handling of our affairs.

The policy lines of the leading Western European countries for the next few years will be determined on the basis of recent elections. In the early years of this decade the wave of conservatism came to a halt, but no swing to the left has been in sight either. In both France and the Federal Republic of Germany the center of gravity of power seems so far to be located slightly to the right of center. In England a new victory for the Conservatives is being predicted in the next elections—but this does not mean a vote of confidence for full-blooded Thatcherism, but rather for the compromise line the government has recently been following in its socioeconomic policy.

Common Western European Economic Policy

Since governments with roughly the same political preferences will be governing Western Europe, we may assume that economic cooperation among them will continue to be close. This among other things will mean a relatively stable foreign exchange policy, especially if England joins the continental Europe foreign exchange network, as is likely after the elections. This will also mean that the European Economic Community will continue to pursue its internal unification process at a steady pace.

Whether they really succeed in eliminating all obstacles to trade within the Economic Commission by 1992, as has been agreed, is a question which we cannot answer with any certainty. Those problems that are the most difficult to resolve are still ahead of them. But as far as we are concerned, we cannot sit here twiddling our thumbs, waiting for the venture to fail; rather we must assume that common markets will come into being, if not in 1992 then at any rate in the 1990's. All of the European countries outside of the Economic Community today operate on the basis of this assumption. Including the USSR and the other socialist nations.

It is self-evident that, like the other European Free Trade Association (EFTA) countries and in cooperation with them, Finland must do business in the Economic Community, which is our biggest export market, to protect our economic interests.

Some people have wanted to dramatize the situation by arguing that Norway will probably join the Economic Community and that this will create pressures on Sweden and Finland [to join]. But Norway's situation is in principle different from that of Sweden and Finland. If Norway joins the EC, its motive will be first and foremost a political one. It is, after all, the only European NATO country that is not yet a member of the EC. The Norwegians feel left out of things in NATO when the others reach agreement on policy with the EC. Thus if Norway were to join the neutral countries, it would not be a precedent that would produce pressures.

As for Finland, there can, of course, be no question of membership in the EC. So here in Finland we do not need any dramatic new decisions. The basic decisions on the Finnish economy's being a part of the Western European economic sphere were made as early as in the 1950's when Finland began to rid its foreign trade and payment facilities of restrictions in step with Western Europe. Then this was followed by its joining the EFTA and by a free trade agreement with the EEC. Now it is a question of applying these decisions to the dynamic development that has been set in motion in Western Europe. A lengthy process lies ahead of us. It has already begun.

Thus actions to protect our interests within the sphere of influence of the EC do not mean changing Finland's policy but, on the contrary, supporting its continuity. Remaining on the sidelines of this development that is taking place in Europe's economy would, on the other hand, inevitably lead to a change in our status--to isolation and a weakening of it.

An Active Finland Is a Part of Europe

When Finland's new government is appointed and gets organized in May, its Foreign Affairs Committee will call its first meeting, which will exceptionally be held in the president's residence. The nation's president will himself serve as its chairman. Plenty of time has been set aside for the meeting since in the course of it an extensive review of the international situation, composed with the aid of the foreign minister's assistants and based on reports furnished by our ambassadors will be presented, on the basis of which a thorough discussion of government policy will be engaged in.

Major changes are taking place in our sphere of activities and it is important for us to assess what they will mean for us. Viewed from a practical standpoint today, the effects of changes on the international scene will, after all, extend into every minister's field of operations.

Do I really believe that the new government will begin its business in this way?

Of course not. That happens only in science fiction novels. The government's Foreign Affairs Committee has, it is true, met under the chairmanship of the nation's president several times. But only individual issues or situations have ever been dealt with at these meetings. Perhaps some student of history can demonstrate that I am mistaken, but it is my impression that the Finnish Government has never in peacetime discussed its policy guidelines on the basis of an analysis of the international sphere of activities.

But let's just imagine anyway what an imaginary foreign minister might present at an imaginary meeting of the government's Foreign Affairs Committee and what conclusions might be drawn from it as far as Finland is concerned.

EC Leaders Give Views

Helsinki SUOMEN KUVALEHTI in Finnish 3 Apr 87 pp 22-29

[Article by Arja Piispa: "Will the Road to Europe Remain Open?"]

[Text] Last fall there was talk of nothing else but the Soviet trade and its decline.

Now people are talking about the speed of the Western train and our keeping pace with it.

What turned the tide so suddenly?

We Finns are known to have weak consciences. When something happens somewhere --and we finally notice it--right away we concernedly ask whether we are included and what is to become of us.

When the question involves EC-Europe unification and managing to survive in that market, the knowledge that the Swedes are at least as worried as we are comforts us.

Actually, the Swedes infected us with their concern. We were still absorbed in the Soviet trade issue and its worrisome prospects when Swedish industrial magnate Dr Peter Wallenberg arrived just before Christmas to suggest to us that it would be wise to look toward the West a bit.

"The Nordic countries cannot afford to sit here twiddling our thumbs watching what is happening in Western Europe. We must seek to obtain economic and industrial ties with the EC countries that are as close as possible," he said.

We are beginning to be plagued by the doubt as to whether we are missing the boat.

A regular blaze was kindled, however, during the frosts of January when former French President Valéry Giscard d'Estaing got as far as Finland on his crusade and painted a picture of a mighty Europe before the eyes of those who exert influence, a Europe in which there are no borders for people, goods, services or capital, in which technology develops at a smart pace and the ability to compete with the United States and Japan grows.

The concern arose that only 12 countries would be part of Giscard's Europe--and Finland would not be one of them. For Giscard, as it does for many others, Europe means the EC, the European Community.

Are we then disappearing from the map of Europe?

Familiar Affair

The question is causing surprise among trade officials in both Helsinki and Brussels. They do not see anything really new in the present situation, at least not any dramatic change.

Efforts have been made since the 1950's. They began even before the creation of the EFTA and led to the 1973 free trade agreement concluded with the EC. Efforts have been and are being made precisely to see to it that Finland stays on the map of Europe and is included in its markets and development.

The fact that the EC countries have in the 1980's begun to accelerate implementation of the objectives they set themselves in the so-called Treaty of Rome as early as 30 years ago and that they in the summer of 1985 produced the so-called "White Book" and a timetable for eliminating over 300 obstacles to common markets by 1992 is, in the opinion of the experts, no reason for anxiety.

"We are not falling out of the running. We are, as the saying goes, in firm control of the situation," they assure us.

The foreign ministers of the EC and EFTA countries met in Luxembourg in April 1984 as a token of their 10th year of cooperation. At that time they agreed on the objectives in terms of which they would strive to expand cooperation and resist protectionism.

People began to call the jointly signed statement the Luxembourg Declaration. Its goal is to, among other things, promote the free circulation of industrial

products, to increase joint research and development activities, to strengthen economic development and to ultimately lead to a common European economic sector (EES).

Standardization of weights and measures, elimination of technical obstacles, simplification of border formalities and corporate charter rules, elimination of unfair commercial practices and of government subsidies as well as disclosure of public procurements were considered to be the most important measures.

Sufficient Determination

The most noteworthy thing about the Luxembourg Declaration is really that in it they agreed on roughly the same things as in the EC's internal "White Book"--as early as a year and a half before.

The objectives were later confirmed at both the EC and the EFTA ministerial conferences. So there is the political determination for cooperation and free markets, but does this have any practical significance?

"It is at least an attempt," those who put in full time working within the framework of EC-EFTA markets reply.

The communications maintenance network has been concentrated, new committees of experts formed and meetings increased. Trade policy officials and representatives of industry travel more often than before between Helsinki, Brussels and Geneva. Telegrams fly and telexes rap out messages by the meter.

It is in Finland's interest to make EFTA activities and influence more effective because a small country's voice can be heard better in concert with others. Finland has indeed been one of EFTA's most active members.

At the present time participation in research programs, transport regulations, standards, product testing and government subsidies, among others, are being discussed between the EC and the EFTA countries. In the discussion stage are issues involving education (trainee exchanges, uniformization of examinations, etc.) and the liberalization of capital circulation, among others.

Membership Is Impossible

"It's pointless to speculate about alternatives that have no relevance," Foreign Ministry Trade Policy Department head Erkki Maentakanen said of those discussions in which people speculate as to whether we could possibly be a sort of associate member in the EC in the future.

A neutral country cannot, in his opinion, join the Economic Community. Partial memberships would, on the other hand, certainly be viewed as divisive factors in the EC.

"We must now concentrate on our work program and strive to obtain the best possible results in it so that no new obstacles to trade arise and so that competitors do not gain advantages which our industry does not have," Maentakanen said.

"The job (we are doing) is a very commonplace one, but one that will have far-reaching effects years later and also be of importance to ordinary consumers," he remarked.

"It is often a question of a very small technical matter, the economic effect of which is, nevertheless, great. If we do not accept some EC standard or norm, it may be easier to sell a given product or branch of industry inside the EC than it would between the EC and the EFTA," assistant department head Veli Sundback added.

"We must, however, always consider what is to our advantage case by case. A decision may, for example, have such a detrimental effect on environmental protection that the latter outweighs the economic advantage. We should not, of course, enter into unprofitable agreements," he said.

"It's important to see to it that our national decision-making power is retained. No matter what concessions we make, everything must be based on reciprocity, that is, to the benefit of both parties."

It is also important to develop an information exchange system so that both sides know in time what regulations are being drafted.

Lively in Brussels

Brussels, the "capital" of the EC, is Europe's economic management center, where many decisions important to Europe's future are made.

Commission headquarters are there and also the Council of Ministers Secretariat. A staff composed of many thousands of civil servants is stationed there drafting and translating proposals drawn up for the Council of Minister. There too the Council of Ministers itself most frequently meets.

Finns have more business there at present than before.

The commissioner responsible for EC Commission external relations and trade policy, long-term Belgian Government Minister Willy de Clercq, was sitting in his office at Commission headquarters on the top floor, the 13th, of the huge Berleaymont Building.

There is not a portrait of the director behind the commissioner's desk, as is usual with officials, but the starred flag (12 gold stars on a field of blue) of his employer, the European Community.

Threat or Promise?

The minister greeted us cheerily and sat his interviewer down on a soft sofa in the glaring light of the spring sun.

"Now, what would you like to know?" he asked amicably, although he certainly must have guessed what we had in mind. We are not the first Finns to be curious about our relations with the EC and our opportunities in reviving common markets.

"Within the European Community we are at present discussing the question as to whether our domestic markets constitute a promise or a threat to European industry. I can well understand the issue is of concern to countries outside the Community," de Clercq said.

"But I really believe that the creation of one big market area, which is in fact even now quite open, will open new possibilities for us as well as for others."

De Clercq recalled the political agreement reached between the EC and the EFTA to the effect that relations between them would not change as markets were developed within the Economic Community. Concrete steps to eliminate technical differences have already been taken, he said and, among others, mentioned simplification of shipping documents involving the SAD [not further identified] agreement that is to go into effect at the start of next year in both the EC and the EFTA countries.

"It's not only a question of trade, but also of cooperation in the field of research and development," he noted. "In that we've already gotten off to a good start."

Our Own Area First--Of Course

So, are the EC's relations with the EFTA different than its relations with its stiffest competitors, the United States and Japan?

"Oh, there's a great deal of difference between them," the minister exclaimed. "Our relations with the EFTA countries have always been excellent. This doesn't, of course, mean that we don't have problems. They are, however, small ones in comparison with our other problems."

"The EFTA countries are very important to the European Community--as, of course, is the case vice versa. Together we constitute the world's biggest free trade area, an area comprising 350 million people. Nearly a fourth of our exports go to the EFTA countries and an even bigger percentage on the average, about half, goes from the EFTA countries to the Economic Community area."

De Clercq firmly believes that trade between us is still growing and that the EFTA countries have no cause for concern.

"We can always talk about our problems, before they arise too."

"I want to, however, emphasize that the development of our domestic markets is a primary objective for us. We don't intend to agree to future demands that would make realization of our objectives more difficult."

"Our good friends in the EFTA should bear in mind that there has always been and always must be a difference between membership in the Community and being a partner in the discussion!"

A Small Country's Small Problems

Willy de Clercq is ready to concede that the determination exhibited at the high political level and the effort to achieve close cooperation is not necessarily in practice carried out without any difficulty.

"At the government level there are problems of the sort that always arise there. People fear that they will lose something in connection with the innovations. They jealously protect the autonomy they have achieved.

"The problems are psychological, technical and in part economic. But we will certainly resolve them. This is a slow process. We must accept it. But we must keep the machine going and the train on the tracks."

And what about relations between Finland and the EC? Are there problems with them?

The minister laughed. He said that those problems were so insignificant that they were not even worth mentioning. "Your readers have scarcely even heard of them. But let's say that they involve the import duty on alcoholic beverages, a bit more serious approach to documentation and sometimes some dumping claims.

"But in what family are there not sometimes reasons for little disputes among its members?!

"Besides, if we didn't have any problems, what in the world would we talk about when your minister came here or we visited Finland?"

"It Would Be the End of the World"

Six European nations founded the European Community 30 years ago. Now it includes 12 member nations. Will the Community continue to grow?

"It will probably grow. Turkey at least will almost certainly become a member. But growth should not be a goal," de Clercq said and stressed the fact that his opinion was a personal one. In his opinion, now is the time to go deeper into the qualitative development and consolidation of the Community since there are big differences between the countries in their standards of living.

De Clercq did not mention the EC's financial crisis, but by development he probably also meant improvement of the Community's economy.

(According to the latest statistics, in Portugal, the Community's poorest member nation, the per capita purchasing power is only a third of what it is in the wealthiest countries: Luxembourg, West Germany and Denmark, and a half of the average figure for all the EC countries.)

De Clercq admitted that the EC prefers to regard itself as all of Europe. "But we don't mean to boast," he said. "We are only trying to create a necessary economic area and possibly a political community as well to guarantee ourselves work for people and a stronger growth foundation for industry.

"High tech, for example, requires such huge investments that no European country can manage them alone.

"Unless we introduce innovations in Europe, they will do so in the United States and Japan. That would be the end of all of Europe, not only the Economic Community."

Finland's Relations with Eastern Europe Are Exemplary

The office of de Clercq's subordinate, External Affairs Department head Pablo Benavides, is many floors below, much smaller and more modest. Without a guide one would not find it in the rather dark, labyrinthine corridor.

Benavides, a Spaniard, became department head over a year ago when Spain joined the Economic Community as a member with full rights. He has already had time enough to extensively familiarize himself with EC relations with other European countries. He is, among other things, the second chairman of the Finland-EC Mixed Commission.

In January he visited Finland to familiarize himself with this country which has handled its relations with the CEMA "in a surprisingly elegant way." "You have nothing to worry about. You set an example for others," Benavides maintained.

"You are very much interested in the relations that have arisen between us and Eastern Europe and are afraid that they may somehow affect your relations among yourselves. But you needn't fear that. You've gotten a big head start. We are just beginning to normalize our relations with it and are trying to find out what you've done, since you've been so very successful."

According to Benavides, a free trade agreement between the EC and the Soviet Union, just as it is between the EC and the CEMA, is still a long way off. Provided they first establish diplomatic relations. The moment seems to be ripe for them, as also for bilateral trade agreements with some of the CEMA countries.

There is, however, much that can still get in the way of the EC's regarding the CEMA as a partner with equal status in negotiations, but it is waiting for the CEMA to agree to itself's being an economic as well as a political decision-making body. In the CEMA countries, on the other hand, they do not want to recognize West Berlin as an area belonging to the Economic Community.

Doubts in the South

According to Benavides, in principle all the EC countries support the cooperation program with the EFTA countries agreed on in Luxembourg, but it is only natural that some southern member nations are not as enthusiastic about it as the northern ones. It is perhaps hard for them to achieve rapid liberalization and they fear that the imbalance within the Community will grow.

Benavides did not admit to the grumbling about "free riders" sometimes heard in the Economic Community, by which expression is meant those countries outside

the EC that reap the advantages but do not bear full responsibility, but he did admit that doubts about the fulfillment of reciprocity in trading have arisen.

He did not venture to speculate about the realization of the Community's domestic market objectives by 1992. He did, however, regard the "dead line" as a good thing, whether it is achieved or not. The so-called "single act," which includes more and more frequent application of the decisions of a stipulated majority in the decision-making process, will, in his opinion, serve to facilitate sticking to the timetable.

Norway's Own Affair

Benavides answered the question as to whether the EFTA country, Norway, might join the European Community with the question: "Why do you ask us that?"

According to him, the Economic Community tries to be extremely cautious with respect to Norway's possible membership.

"Norway is, of course, welcome to join the Community, but it is entirely up to Norway to decide whether they want to join us. We don't want to influence their decision."

How, on the other hand, Norway's possible EC membership may affect the other EFTA countries is, in his opinion, pointless speculation. Scarcely has any other EFTA country seriously considered EC membership.

"Austria? Well, Austria has always had its own particular way of viewing the idea. It has always wanted to be something a bit more, not a member, but a sort of confederate."

In Benavides' opinion, neutrality is only one reason why most EFTA countries want to remain outside of the Economic Community.

"Public opinion would scarcely support joining it. It would take a very long time for them to be ready to take a favorable view of membership."

We're All Guilty

Dutch national Herman de Lange, the head of the Commission's EFTA Office, works in the closest kind of cooperation with Finland and the other EFTA countries' officials.

This talkative gentleman who gesticulates animatedly is accustomed to justifying the positions adopted by the Economic Community and coming up with just as many clever counterarguments as arguments in defense of them.

"We're all guilty," he condemned us, "when it comes to talking about state subsidies and public procurements directed toward our own countries in opposition to the agreements." (The Economic Community countries recently increased subsidization of their shipyards to 28 percent.)

"State subsidization is a sensitive issue, and particularly important for Finland--the shipyards, I know, I know, but you must realize that it is also a

matter of employment. There is much more unemployment in the EC area than in Finland."

According to de Lange, public procurements are also an employment issue. We must bear in mind that national funds are generally used for them. That is why they must be used for the benefit of one's own people.

"If public procurements are opened to foreigners, it means that public funds are being used to finance a foreign country's industry. This is a difficult issue inside the Community, to say nothing of outside of it," de Lange explained.

In his opinion, we must move forward cautiously in this matter, step by step. He does not approve of allowing regulation of public procurements, state aid or technical stipulations to further protectionism.

"I concede that these are problems, but not insurmountable ones. They will in time be resolved. But they will not be resolved overnight. We must be patient.

"But why are you in Finland otherwise so sensitive in terms of your immigration policy? Do you really believe that the Portuguese will pour into your country in droves if you open your borders to them? And you don't even let foreigners buy homes in Finland. Here in our Community anyone can certainly buy a home anywhere he wants to."

Bilateralism Complicates Things

Despite these annoyances, Herman de Lange is solidly behind EC-EFTA cooperation. Cooperation between them has for years been good and productive and will certainly continue to be so, he believes. After all, the EFTA countries are the EC's biggest trading partner, bigger than any other.

"Problems? Yes, of course, there are, but not because there is no willingness to cooperate, but because it is a difficult matter."

One problem, according to de Lange, is the fact that they generally have to negotiate with the EFTA countries bilaterally. The EFTA is not the same kind of institution as the European Community, whose member countries are granted the authority to negotiate and conclude agreements. Commission officials fervently hope that the EFTA will make its decisions more uniform so that they can enter into so-called multilateral negotiations and agreements more often than they do now.

"Of course, they are trying, trying hard to do this," de Lange admitted.

Another problem, in his opinion, is the fact that the European Community is already integrated in many fields. If the EFTA wants to cooperate with it in these fields, its member countries will have to adapt their laws to agree with EC provisions and regulations.

"Of course, it's unpleasant to have to do something in an area over which one cannot exert any influence."

Hard Enough for Twelve

Will the EFTA countries in general be able to influence what happens in the EC area?

"Indirectly yes, if their proposals are reasonable ones. But the process is otherwise slow. Community decisions cannot be delayed because of cooperation with the EFTA. It's hard enough to find a common solution to a problem with 12 countries. It will be even harder if there are 18 countries."

According to de Lange, at the present time the EFTA countries' voice is being heard more and more. "We work shoulder to shoulder within the Community and with the EFTA countries. But we cannot make progress in cooperation with the EFTA faster than we can within the Community," he said.

The political determination to carry out the objectives of the Luxembourg Declaration is not, according to him, lacking. In practice, concrete results have been achieved, especially with cooperation on research and to some extent also in the compatibilization of standards. There are not enough results, but some nevertheless.

"Countries like Finland will in any event benefit from the strengthening of EC domestic markets, whether they are cooperating with it or not." De Lange said he was fully convinced of this.

De Lange did not refute the claim that officials do not want to carry out cooperation objectives. He said that this was true some time ago, but no longer.

"The more we cooperate, the better things go and the more willing we are to cooperate. But it will certainly continue to be a complicated business."

Finland has its own EC delegation in Brussels composed of six officials headed by the ambassador. Finnish industry and the Finnish Employers Association (STK) also have their permanent representatives in Brussels in the European Economic Community's industrial organization. We will report on their work in the next installment of the series on Finland in Europe.

Minister Jermu Laine: EFTA's Opportune Moment Is Now

With at least this part of his career of many years coming to an end, Trade Minister Jermu Laine might, as it were as a balancing of the books, have exclaimed: What did I tell you?! Western Europe is our biggest market. We should not forget this, even though we are taking care of our important trade with the Soviet Union.

He did not, however, do this, instead saying that a career minister gets used to everything, to the fact too that all he gets is reprimands when he does his best to do his job well and impartially.

The development in progress in Western Europe does not, according to him, require us to make difficult political choices. It is not now a question of any consistent "chunk" [of the option], as it was in drafting the free trade

agreement; rather decisions will be made case by case in accordance with whether they are advantageous for us or not.

The development that is now taking place is a natural extension of those economic relations set in motion by the free trade decision. We are now progressing more pragmatically than before in discussing concrete, practical concerns.

According to Laine, industry in the other EFTA countries is clearly worried whether it will now lose the benefits obtained through the free trade agreement because of standardization or other technical obstacles to trade.

In his opinion, now would be an excellent time to concentrate on EFTA cooperation and make the EFTA a true common organization in relation to others, even though that was not its original purpose at all.

"The political realization arose at the ministerial conference in Luxembourg in 1984 that together we are really a strong trading partner for the European Community, but that we have little experience and far-sightedness at the practical level. We are now in a way engaged in a race with time over whether the EFTA countries are prepared to use the opportunity to their advantage and consolidate their forces," Laine said.

While officials are making their preparations, efforts to promote cooperation are easily foundering on different kinds of bureaucratic machineries and attitudes. This is why we need more formal and closer cooperation than before at the ministerial level so that we can obtain clearcut common views and a common determination.

Rapprochement between the European Community and the CEMA countries does not worry Laine. He does not believe that it will affect our trade relations with the Soviet Union and the other CEMA countries.

"Up to now the development has been more symbolic than anything else. It's a sign that contacts are being revived. But naturally, real economic cooperation is of interest to both big economic areas.

"The competition is at any rate stiffening on Eastern European markets. This means more challenges for us too," Laine said.

Envoy to EC Comments

Helsinki SUOMEN KUVALEHTI in Finnish 10 Apr 87 pp 34-39

[Article by Arja Piispa: "In the Company of the Eurocrats"]

[Text] Belgium is not a big country, nor is its capital, Brussels, a mighty metropolis, but so many important things happen there that even Finland has fully two ambassadors there. One handles relations with the Kingdom of Belgium and the other is accredited with the European Communities.. The process of EC development is providing more and more jobs for Finnish officials and the economy.

"I don't really know what you're doing, but you seem to be doing it right," a high government official who was spending a few days with the Finnish EC delegation in Brussels said.

The statement has become a byword in the delegation which with the aid of seven officials observes what is happening in the EC, reports its observations, coordinates reports and also tries as well as it can to influence decisions in Brussels, Geneva (at the EFTA center) and Helsinki.

It is really impossible to get a clear picture of everything they do at the delegation office on Avenue Louise in a few days time. The field of activities is a broad one and hard to figure out.

It is even hard for the officials who do the work themselves.

"Ten years ago we spoke in terms that were still understandable. Now there are all sorts of microchips and low tension conductors for which we cannot have the necessary competence," said embassy advisor Eikka Kosonen, to whom EC charts and the Commission corridors are, moreover, as familiar as the back of her hand.

Ministerial advisor Antero Viertio, who has only been working in Brussels since last fall, said that he felt that both the volume and the nature of the work were problems. Since matters are more detailed and specialized than before, they have to concentrate on examining the different viewpoints on trade policy. As for the content itself of cases, they have to resort more and more to experts.

"Of course, we have to know enough about the matter for us to see whether it is of importance to Finland or not."

According to Viertio, Finland's EC representatives also try to keep up with the EC's other foreign relations since they are reflected in its general field of activities.

"We have to operate from a holistic standpoint. Our role as a conveyor of information is emphasized in our work. We convey information between Helsinki, Brussels and Geneva. If we send a telegram to Helsinki, we also send a copy of it to Finland's EFTA representatives in Geneva. There they are discussing the same matters as here."

At the EFTA Secretariat they are at present investigating whether establishing a permanent EFTA branch office in Brussels is warranted since affairs seem to be centering more and more about EC headquarters.

Post That Motivates Diplomats

In Ambassador Leif Blomqvist's opinion, the difference between countries observing EC member and Community affairs from the outside can be very well seen in the size of their EC delegations. While Finland has seven officials in Brussels (handling EC affairs), Denmark has 70.

One of the Finnish delegates, customs affairs advisor Matti Oivukkamaki, observes only customs matters. He is [Finland's] representative on the Customs Cooperation Council (CCC), which also has its headquarters in Brussels. At the CCC they, among other things, compile list numbers and compatibilize tariff statistics.

The EC delegation's seven-man staff also includes an expert in the field of research and an official who handles only agricultural affairs.

"Our chief function is to try to analyze development in the EC and select from the data what is relevant for Finland. More accurate analysis has to be performed in Finland," Ambassador Blomqvist said.

Brussels is, in his opinion, a post that motivates people, one of the most agreeable in the Foreign Ministry's administrative domain. The work is purposeful and "diplomatic futility" is completely lacking.

Continuous Dialogue

While outsiders have no business at Commission meetings (and even less at Council of Ministers meetings), information is, according to Blomqvist, easy to obtain. They can readily meet with representatives of the EFTA countries.

The ambasssador fairly often meets with top EC Commission officials, either privately or within the context of EFTA cooperation. As do also ministerial advisors and other officials, the ambassadors of the EFTA countries meet regularly once a week at their own meetings and also in connection with meetings of different sorts of experts.

The top officials of Finland's ministries also from time to time visit Brussels to meet with EC Commission officials, commissioners or heads of directorates. They also occasionally meet at the ministerial level.

There are, therefore, active exchanges of visits and a contiuous dialogue, as our EC representatives assure us.

What Will Happen with Student Exchanges?

Matters to be discussed with the EC are often first discussed in the EFTA's own committees and only then with EC officials—unless what is involved is a purely bilateral matter.

This is what happened that day in March when we arrived in Brussels at the same time Labor Ministry Office chief Ilse Koli did. Along with Antero Viertio and Eikka Kosonen, she participated in exploratory discussions during which they dealt with matters involving education, examinations and trainee exchanges, among others.

The discussions began in the morning at the Embassy of Switzerland, the EFTA chairmanship country, and continued in the afternoon around the big conference table at Commission headquarters in Berleaymont.

Ilse Koli had crammed into her head paragraph by paragraph what is said about domestic labor markets in the EC's so-called "White Book." To her surprise, in Western Europe domestic markets are a much broader concept than in the Nordic countries. They include students and businessmen as well as those who ply different kinds of trades.

Ilse Koli was particularly concerned about trainee exchanges. What will happen with Finnish students if strong domestic markets come into being inside the EC? Will there be enough trainee positions; will there still be enough scholarships?

Similarly, this spring they will be discussing many other future issues also, like simplification of border inspections of passenger traffic, indirect taxation, copyrights, capital circulation, state aid, transport matters and the sale of services.

Eurocrats Provide Employment

Bilateral business transactions between Finland and the EC have recently been fewer in number with the emphasis on the talks taking place within the EFTA.

"There are hardly any problems in our bilateral relations. Trade is functioning as it ought to. Our job is to tackle them if problems arise," Blomqvist said.

There are little matters to be taken care of daily. They may, for example, be dumping claims or other differences of opinion which they try to resolve in the spirit of the free trade agreement.

Both the Foreign Ministry and the other ministries, the EC, the EFTA and Finnish firms feel that Finland's EC diplomats are industrious. Telegrams and letters fly fast and furiously. EC officials wade through huge numbers of different publications and documents, among them the official EC bulletin in which all decisions and often also proposals are printed. They inform Finland on these if they consider it to be necessary.

There are about 20,000 civil servants in the Commission, so-called "Eurocrats." Most of them are translators--all documents are translated into the nine official languages--but there are also hundreds of these civil servants whom the Finns too meet with every once in awhile.

"The more the EC countries transfer their power to act to the Community, the more negotiations there will be in Brussels," the ambassador stated.

Are We Ready to Europeanize Ourselves?

When the EC negotiates with the EFTA, one important issue will be in what form cooperation is to be developed and how decisions are to be put into effect. Will each EFTA country pass its own laws in conformity with what has been agreed on with the EC?

The EC has its own method. It publishes its internal legislation in the bulletin. If a member country creates difficulties, the matter is settled in an internal tribunal.

"But how will they get the EFTA countries into it? Will the EC agree to each EFTA country's operating according to its own laws? And what happens when there is a dispute? What is the status and legal effect of the agreements?

"There is enough here to be considered," Antero Vliertio said. In his opinion, in the end the issue is a political one: "Are we EFTA countries ready to Europeanize ourselves more than we are at present?

"We would not, of course, want to outright agree with ready-made EC views. It would be wonderful if the EC were to take note of the EFTA countries in time, inform them of their plans, request a statement of position and then possibly consider a solution on the basis of our position.

"But the EC train will, of course, continue on its way regardless of what the EFTA countries do."

We Don't Get Anything for Nothing

Along with Kari Jalas, industry and employers' common representative in Brussels, we went out to sniff the air of springtime Brussels on the old central square, la Grand-Place, where the cafes had today for the first time set up their tables outdoors.

"Brussels is a pleasant place," Kari Jalas praised it. "No one here splits hairs about anything. The Belgians are perhaps more European than anyone else. Here at least there is none of the national egocentrism you find in many other countries."

Jalas, moreover, feels that he is in the right place at the right time. A lot is happening in Europe right now. It is interesting for him to be there observing things.

"At least about a dozen changes can be identified here that are improving things in Western Europe and also affecting Finland. The realization of the EC's domestic markets alone is in itself a vast process in terms of what it comprises, the time involved and its detailed nature." The standardization of technical provisions is one of the more concrete and important matters from industry's standpoint. If we do not keep up to date, our relative position will worsen.

In Jalas' opinion, the current decision-making process is perhaps more difficult than it was in the early 1970's when the free trade agreement was concluded. Now there is not a single big package to be decided on, but hundreds of technical details on which positions have to be adopted in terms of individual cases. At the same time, however, they must constantly remember to consider how they are related to the whole.

In Central Europe research and development operations are also in the process of changing. In Jalas' opinion, Finland has handled the matter well in

connection with this. We are participating in the Eureka Project, among others, and we are on the way to joining the EC's own programs in accordance with the general agreement concluded last spring.

"But we don't get anything for nothing. Everything is taking place on the EC's terms. We are paying guests and participate only in those programs the EC wants us in. We also have to give. Others must be able to reciprocally benefit from us."

Finland Too Is Part of Europe

Since last August Doctor of Political Science Kari Jalas has served as a representative of the Industrial Confederation (TKL) and the STK in UNICE [European Community Industrial Union], the European Community's industrial organization—which probably wants to change its name because it is not only an industrial organization, nor does it represent only the EC countries. It includes members from about 20 European market economy countries.

Jalas is the fifth man to occupy this post. The other Nordic countries also have the same sort of permanent representatives, on the same floor of the UNICE office building on Rue Joseph II to boot.

The offices occupied by Jalas and his assistant, Hannele Havukainen, are still so new (the previous office building had to be torn down) that each of them has no necessary furnishings other than a desk, a chair, a bookcase and a display terminal.

There is a Finnish flag on a window sill in Jalas' office and a sketch by Kari on the wall captioned: "You sure can keep up to date while wading through the daily newspapers." There was a stack of them lying askew on a corner of his desk.

To guide us, Jalas pinned a brand-new EC chart on the wall, on which one can see the differences in national economy levels among the 12 Community countries.

Kari Jalas said that he was in Brussels tying up loose ends. On the one hand, his job is to let the EC and its member countries know that Finland too is part of Europe and, on the other, to collect the essential features of EC developments and decisions and see to it that there is always someone in Finland who understands the details of each big issue.

To EC Talks Via UNICE

"There are about 20,000 people in the EC bureaucracy. They produce an absurd volume of paper. Neither one nor two persons can keep up with it."

That is why, in Jalas' opinion, it is of absolute importance for people from the different sectors to visit Brussels from Finland and take care of the jobs they are responsible for.

Visitors do come every week. In addition to a permanent representative in Brussels, an expert from Finland is also a member of all five of UNICE's

principal committees--which deal with economic and financial matters, research policy, trade policy and business law, among others.

Meetings of chairmen and general managers, at which chairmen Kari Kairamo and Christer Ahlstrom as well as general managers Eric Relander and Pentti Somerto represent Finland, function above the committee.

In addition, UNICE has a committee of permanent representatives which meets regularly a couple of times a month and which keeps up with and guides UNICE activities.

According to Jalas, UNICE is an important channel of influence. It has an ongoing dialogue with the EC. The positions it adopts are noted.

UNICE discusses public industrial and economic policy matters. It does not assume positions on matters involving private industrial sectors or firms. They are left to be dealt with by the appropriate European sector organizations.

Downhill Skiers Don't Doubt Their Ability Either

Aside from procuring and passing on information through UNICE, Kari Jalas also does so through direct contacts with Commission officials. When we met with him, he had just returned from Strasbourg where he had been following a meeting of the European Parliament.

"It seems odd that we always hear people talking only about what the Commission is doing. The Commission doesn't make decisions; only the Council of Ministers does," Jalas pointed out. It is, however, difficult to influence it and it is hard to meet with its members, the ministers.

The only EC representatives elected by the people, the parliamentarians are, on the other hand, willing listeners. It pays to discuss things with them. In Jalas' estimation, they will also exert more influence in the future than they do now.

In Strasbourg the fact that Finland is not a member of the Council of Europe once again bothered Jalas. Since 21 European nations belong to it, all the neutral countries with the exception of Finland, it is hard to explain and I myself do not understand why we are not on the map.

"A graphic message has a powerful effect. If the map says that Europe is here, how do you explain where Finland belongs?"

The information that Kari Jalas and Hannele Havukainen collect in Brussels is passed on via the TKL and the STK to their member associations, the business sector organizations government officials and also to private firms as necessary.

They also receive assignments and commissions from Finland. Firms too contact them and want to check on their information.

In Jalas' opinion, however, one cannot say that industry is concerned over the situation.

"Why would it be? Industry is like a downhill skier. It needn't doubt that it will succeed and find the gates. It only has to worry about maintaining its balance and has to be accurate the whole time it is doing so."

Observation

The Council of State recently appointed a committee composed of leading government officials to observe cooperation between the EFTA and the EC and to coordinate actions occasioned in Finland by the development of EC domestic markets.

A week later the TKL formed its own committee for the same purpose. The General Managers Committee works in close cooperation with foreign trade officials.

Undersecretary of State Paavo Kaarlehto, an experienced trade politician, designer of the free trade agreement and former ambassador to Brussels, heads the committee of officials. The heads of the Finance Ministry, the Trade and Industry Ministry, the Transport Ministry and the Justice Ministry offices as well as bank director Pentti Uusivirta of the Bank of Finland are members of it.

Fiskars general manager Reijo Kaukonen heads the TKL committee and its members are general managers Pekka Luhtanen (chairman of VATEVA [not further identified]), Harri Malmberg (metal industry), Raili Nuortila (chemical industry), Martti Pallari (food industry), Matti Pekkanen (forest industry) and Timo Relander (TKL). Trade policy specialist, manager B.O. Johansson, also represents the TKL.

The committee experts are Ambassador Max Jakobson, Minister Tankmar Horn, chairman of the board Jorma Keino, Foreign Trade Association general manager Pertti Huitu and Finnfacts' Matti Kohva. This committee and subcommittee creation boom does not, however, mean that Finland has only now awakened to the development that is taking place in the EC and the importance of observing it. Both government officials and industry have been "abreast of the times" for a long time now. Now they only see a need for combining knowledge and action.

Kari Kairamo: Decisions Must Be Made to Conform to EC Development

Is industry worried? This question should, of course, be asked of industrial managers and industrial association leaders. These functions are combined in industrialist Kari Kairamo, who heads both the Nokia Company and the board of the TKL.

Kairamo is always ready to talk about the importance of cooperation among the Nordic countries as well as more widely in Europe. Unlike some of his Swedish colleagues, however, he does not speak of membership in the EC or cooperation as an associate member, but of observing the integration process and adapting to it.

In his opinion, the EC's development of its domestic markets offers us no cause for concern. "Integration of the EC countries is in principle to our advantage. It will offer our country and our industry much bigger, more uniform and more clearcut markets than before.

"Only we should closely observe the decision-making process and legislation as concerns the economy, standards, capital circulation, etc. and strive to make our own decisions and legislation conform to the development taking place in the EC."

It is, in Kairamo's opinion, a good thing that the Nordic countries are jointly following this development in the EC both within the framework of the EFTA and otherwise and are together trying to make their activities compatible with those of the EC. He believes that EC integration will increase the need for establishing joint Nordic companies and feels that it is the best way to respond to the challenges of competition.

Capital markets too—which are at present being discussed in Community circles and in connection with EC-EFTA cooperation—should, in Kairamo's opinion, be liberalized first at the Nordic country level and also at the European level during the next decade.

The liberalization of capital circulation lies ahead of us in all nations that in future intend to compete fairly and successfully in world markets.

"Liberalization does not mean a threat to Finland. Today, and probably in the future too, European firms have little interest in making direct investments in Finland. For Nordic companies, however, investments in the EC area may well be a condition of survival from the standpoint of competition."

Through subsidiaries established in the EC countries, Finnish and Nordic companies will, in Kairamo's opinion, acquire better positions and opportunities for exerting influence in the Community in marketing, services or production. He nevertheless does not believe that any rush to Central Europe on the part of Finnish companies will be generated. But little by little the number of different kinds of subsidiaries is growing in the EC area.

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CSO: 3617/87

COMMENTS ON GOVERNMENT'S RESEARCH PERMISSION TO USSR SHIP

No Greek Control Seen

Athens I VRADYNI in Greek 24 Apr 87 p 1

[Excerpts] The government is letting the Soviets carry out explorations with no control in the Greek underwater shelf north of Crete. These explorations are to locate petroleum deposits, as I VRADYNI revealed yesterday.

Without Greeks

The government spokesman explained yesterday that the exploration will be made with the universities of Athens and Salonica and the Athens Observatory participating. Late last evening, however, the spokesman, Roumbatis, was forced to admit that "there are no Greek scientists on the ship," and to add, obviously in order to keep up appearances, that "the exploration is occurring in the frameworks of the cooperation for research and technology between Greece and the USSR." The perplexity, therefore, about what kind of cooperation is able to be achieved between two countries when scientists from one of the countries are missing, is reasonable.

Justifying the reason for the seismologic explorations in the sea of Crete, in the Greek underwater shelf and within territorial waters, the spokesman said that this is an area "presenting scientific interest because of the peculiarity of the sub-surface."

The granting of a permit to the Soviets is creating a major political issue, not only because the explorations are being made without the presence of Greek scientists but also because:

1. The government showed deceitfulness since, although, as it admits, the permit had been sought since 6 February and was granted on 17 April, nothing was announced. And it was forced to make announcements only after I VRADYNI's revelation.
2. The government showed the same deceitfulness toward the services which it approached to seek, naturally, their opinion about the explorations (DEP [Public Petroleum Corporation], Hydrographic Service, etc.) since, in the

document sent to these it does not describe the nature of the explorations, but talks generally about "scientific marine explorations."

3. While a request for a permit to be granted to a British exploratory ship has been pending since November, a permit was given to a Soviet ship even though the related request was submitted much later, in February.

Conflict Condemned

Athens I VRADYNI in Greek 24 Apr 87 p 2

[Editorial: "Soviets in the Greek Underwater Shelf"]

[Text] The government's explanations about the permit it granted to the Soviet Union to carry out seismic explorations in the Greek underwater shelf in the Aegean sea north of Crete are not only unsatisfactory, they are also exceptionally unclear. The only logical conclusion deduced from the government spokesman's answers after yesterday's publication-revelation by I VRADYNI is that our most critical national issues continue to be dealt with in the same superficial and fickle way. Beside the fact that this is the first time permission for seismic explorations--which are related to finding petroleum--has been granted to a Soviet ship by a Greek government (the permits heretofore were for scientific research and concerned only western countries), reasonable doubt is being created. How is it possible for a permit for explorations to be granted just a few days after the well-known episodes with Turkey, due to exactly the same issue, which almost ended in war? Moreover, what impression is being created internationally when, while it was decided to nationalize the Prinos consortium of foreign companies so there would be no explorations in the Greek underwater shelf, and while a British request for similar explorations has been pending for approximately six months, a permit is given within a short period of time to the Soviet Union?

Least persuasive are the government explanations that this is a ship which makes seismologic explorations related to finding petroleum. Given that the technique is exactly the same, even if it were so, a rudimentary ability to estimate the politically sensitive juncture in the Aegean would necessitate immediately announcing that a permit had been granted to the Soviets and explaining the reasons. The fact that the government tried to hush up the authorization strengthens the suspicions that its content and the way in which the Soviets extorted the permit has a far greater significance than it is taking pains to lend to it.

It is still unexplainable why although during the negotiations the issue of Greek scientists participating in the explorations was broached, in the end no Greek was taken on board the Soviet ship.

For yet another time, the inconsistency of the PASOK government's maneuvers on issues particularly delicate for the national interests is creating perplexity: Does this have to do with its now well-known inability to respond even to routine situations? Or perhaps it has gotten carried away again in

its beloved adventurisms and certain agreements which are secret to the Greek people, which up to now have only heaped problems on our country?

'No Problem'

Athens PONDIKI in Greek 24 Apr 87 p 4

[Text] It is no problem that the Soviet ship is making echo-sounding explorations in the Greek underwater shelf between Crete and Santorini. On the contrary, it is very much in our favor, since the Soviets recognize that the underwater shelf belongs to us and came to request a permit from the Greek Government to make these explorations. This should be the answer to yesterday's I VRADYNI, which presents the fact as...treachery or something similar. The only problem is that Holland had requested a permit for echo-sounding explorations in the same area during the Greek-Turkish crisis and we refused it. But it was at the culmination of the crisis, we said.

9247

CSO: 3521/118

BRIEFS

PAPANDREOU'S PRESIDENTIAL AMBITIONS--There has been a lot of talk recently that Andreas Papandreou, after the clear course which political developments are now taking in our country, has begun to discuss again how maybe it would be "for the most common good" to go on to the Presidency of the Republic. And he is most busily occupied with the fact that he has to find 180 votes. What concerns him, however, is the reaction of certain of his own people who have repeatedly emphasized to him that if he leaves the government, PASOK will become 18 or more little parties. Papandreou himself does not contradict this, but confines himself to listening to the warnings which, while they gratify him personally, concern him as a politician whose career has reached its end. Some of his own people are now whispering to him that the 180 votes which are required, as things stand in the Chamber at present, are not there at all since he will have to secure all the deputies of both the KKE and DI.ANA [Democratic Renewal]. [Text] [Athens POLITIKA THEMATA in Greek 17-23 Apr 87 p 7] 9247

SECRET POLL RESULTS--The results of a poll conducted in the country's big cities before the crisis with the church and the tension in the Aegean have been in the hands of the PASOK president for some weeks now. The results of this poll apparently played a catalytic role in abandoning any idea of "early elections" in the summer. According to information, PASOK's strength fell in these cities to under 30 percent (27.8 percent, precisely), while ND's power rose to 46.6 percent. The KKE also appeared strengthened, to a level of 15.2 percent. [Text] [Athens POLITIKA THEMATA in Greek 17-23 Apr 87 p 7] 9247

CSO: 3521/118

LABOR, CONSERVATIVE PAPERS ASSESS GOVERNMENT SHIFT PROSPECT

Nonsocialists Divided on Issues

Oslo ARBEIDERBLADET in Norwegian 5 May 87 p 6

[Article by Grete Berget; first paragraph is ARBEIDERBLADET introduction]

[Text] The issues of most concern to the Christian People's Party, the Center Party's farm policy and the Conservative Party's tax relief plans. These add up to dynamite for government cooperation. But the differences of opinion are no longer confined to these three areas. In the period since the government change the individual parties have given themselves an increasing amount of leeway and have parted company with their former partners in the reports issued by various Storting committees.

While the "secretary committee" representing the Christian People's Party [KRF], the Center Party [SP] and the Conservative Party is working to find a political basis for a new nonsocialist government, there have been more additions to the list of issues on which the nonsocialist parties disagree. In a number of committee reports that have been issued since the government changed hands a year ago the Conservatives, KRF and SP have parted company. KRF and SP have often been on the side of the Labor Party. The Conservatives have either stood alone or joined forces with the Progressive Party [FRP]. Nonsocialist differences of opinion in these reports are no longer surprising.

Since Beginning of Year

The divisions are not concentrated on the parties' major issues but have concerned everything from fiscal to foreign policy. A review of government reports issued in the first 4 months of the year shows that they are divided over more than the Mesnali issue.

In connection with the discussion of the activities of the Norwegian Central Bank and credit policy the Finance Committee report showed that the Conservatives agreed with FRP on credit policy measures. KRF and SP sided with the Labor Party.

Most Differences

The Church and Educational Affairs Committee had the most issues on which divided opinions were clearly revealed. Among other things the report on higher education showed how hard it is for the three parties to join forces without the Labor Party. Of 10 different lineups there was not one where the three nonsocialist parties alone joined forces against the Labor Party.

In the discussion of the Monster plan KRF sided with the Conservatives on the Norwegian language curriculum. Ragnhild Q. Haarstad of SP sided with the Labor Party.

The Conservatives stood alone on the law on movies and videos with its view on taxes and concessions. KRF and SP sided with the Labor Party.

The Conservatives were isolated in the discussion of the language used in public services and rejected the majority recommendation that 25 percent consist of New Norwegian. On the question of individual distribution of library grants the Conservatives and KRF joined forces while SP went along with the Labor Party.

Wine and Interest

The Conservatives were isolated again in their support of private wine imports. KRF and the Socialist-Left Party [SV] flatly rejected the idea while SP and the Labor Party wanted the Social Affairs Ministry to evaluate the matter. The "Mesnali issue" is another matter handled by the Social Affairs Committee on which the former coalition parties parted company and exhibited fundamental disagreement in their view of commercial initiatives in the public health sector.

They split again in the Traffic Committee's discussion of traffic safety. The Labor Party, SP and KRF want to increase the number of car inspection jobs. The Conservatives are opposed. With respect to airline route concessions the Conservatives also stood alone on the SAS agreement, deregulation and parallel concessions.

In the Municipal Affairs Committee the Conservatives were the only ones in favor of the private procurement of health personnel. In the same committee the Labor Party, SP and KRF were in favor of cutting Housing Bank interest rates by 1 percent on new loans granted after 1979. The Conservatives were opposed. While the Labor Party, SP and KRF did not want to increase interest on loans to the elderly, the Conservatives wanted to increase interest rates from 12 to 13 percent.

In the Foreign Affairs Committee it was the discussion of the South African boycott that revealed the division between the former coalition partners. Here the Labor Party, the Center Party and KRF were again on the same side.

Insemination and Taxes

In addition there were the many disagreements in last fall's budget debate. The three must also deal with another difficult issue. KRF has invested considerable prestige in the discussion of the artificial insemination law. KRF is putting pressure on the Conservatives and hopes the Conservative congress will endorse ending anonymity for sperm donors and reject the freezing of fertilized eggs.

Finance spokesman Harald Synnes (KRF) has promised to give the Finance Committee a working note on the tax report on Friday. On the basis of the statements from the three parties on the tax report this could be one more "heavy" issue where the "government colleagues" have trouble arriving at a common standpoint.

Problem Issues

This is a list of the former government colleagues' problem issues, issues where the Conservatives, the Christian People's Party and the Center Party totally disagree:

The South Africa boycott, credit policy, the Norwegian curriculum, higher education, films and videos, New Norwegian, library grants, wine and private imports, the Mesnali issue, traffic safety, airline route concessions, Housing Bank interest rates, hiring out health-care personnel.

These issues are up for discussion and could create further cooperation problems:

Artificial insemination, the tax report, the revised national budget, energy policy, the Peace Corps and Nicaragua, the farm compromise.

Labor Party Paper Comments

Oslo ARBEIDERBLADET in Norwegian 5 May 87 p 4

[Editorial: "The Phoenix"]

[Text] If we understand Conservative Party chairman Rolf Presthus correctly no single issue led to the Conservative Party's desperate search for government power. As Presthus made clear in a recent speech in Sandvika, it is the overall economic situation that makes a government change imperative.

"The present government is destroying many of the possibilities we still have in this country," said Presthus who advocated sharp cuts. The Conservative Party's fiscal policy spokesman on the Storting Finance Committee, Anders Talleraas, has made similar economic policy demands. Some Conservative politicians have hinted at cuts of up to 4 billion kroner.

But wishes and phrases are one thing, what seems possible and achievable on the nonsocialist side is something else. Center Party chairman Johan J.

Jakobsen had this to say about economic policy and the government question in DAGBLADET yesterday, for example: "Seeking government power solely on the basis of economic policy is onesided. Regional policy is at least equally important as far as we are concerned."

Now one must be very careful about trying to interpret what the situation is really like with respect to nonsocialist cooperation. The Conservative Party is not the only one where one statement is canceled out by the next. It happens just as often among leading groups in the middle parties, KRF and SP. As things have developed, however, statements are all one has to go on when it comes to the internal shifts among the former government parties. Therefore we choose to believe the signals that are emerging from the non-socialist camp. As long as there is not a single piece of paper to document the so-called "constructive talks" we--like everyone else--will have to settle for the smoke signals that are being sent out.

With a new nonsocialist government as a reference point the statements of both party chairmen are equally unrealistic. Cuts on the order of the entire Justice Ministry budget or three or four times the environmental protection appropriation cannot be implemented by a government where the Center Party and the Christian People's Party must be included and share the responsibility. On the other hand it is equally inconceivable that it would be possible to provide additional economic resources for a more active regional policy with a government in which the Conservatives will continue to be the dominant element.

It does not seem to have had any effect on the Conservative Party's gloomy picture of the Norwegian economy, but it is still a fact that the entire economic plan for 1987 has been adopted by shifting majorities with the help of SP and KRF votes. The same parties the Conservatives must have on their side to guarantee a total revision of Norway's economic policy.

The three former government parties have stood together so seldom on issues debated in Storting in the last two sessions that these occasions tend to confirm the lack of nonsocialist cooperation in Storting. The so-called nonsocialist majority is nonexistent in Storting documents. Trying to create a picture of a common political basis for a new government rooted in political reality involves sheer witchcraft. But the search continues for this nonsocialist phoenix.

Economic Problems Mounting

Oslo AFTENPOSTEN in Norwegian 16 May 87 p 2

[Editorial: "A Fork in the Road"]

[Text] The message in the revised national budget is that things are going well for the state but poorly for Norway. Thanks to the abundance of money and high consumption treasury revenues have increased. Therefore there will be some kind of balance in state finances but national finances (between us and other countries) are terribly out of balance.

Oil prices have risen in recent months so that the country is now heading for a crisis at only half speed instead of full speed. But it is still going in the same direction. Competitiveness is steadily deteriorating and economic growth (excluding oil) is totally inadequate. Norway is standing on one leg economically and that leg is not strong enough to support it.

And what is the government doing? It has found two big new sources of state revenue. One is a sales tax on stocks, the other is to have companies pay sick benefits for a longer period of time than they do now. The first will make it more difficult for companies to acquire capital reserves. The second will increase their expenses and reduce surpluses (or increase deficits). Both might be understandable if the Norwegian economy was going full blast. But the opposite is true. Money is already expensive and earnings are much too low. Tax policy should now be based on letting companies keep more of what they earn, not less.

As a whole the amendments in the revised budget are not large enough to really change the course the government has been following. This is also the main objection to the system which is progressing unchecked on a basis that has proved invalid. It is not much help that the state can create a balance between revenues and expenditures in its accounts if the revenues are taken away from a national economy that cannot tolerate it or simply does not have the money for it. Then we will have an inflationary economy (10 percent inflation occurs when a country's politicians have 100 kroner but are determined to spend 110 and act as if they really had the extra 10 kroner).

Storting will now do two things with the revised national budget. One is to take a stand on the concrete government proposals, including the two we mentioned. The other is to take a stand on the government itself. The debate will deal with the entire political situation. If the current non-socialist negotiations lead somewhere, which now seems likely, the debate will lead to a straightforward choice between two government alternatives.

The Conservatives, the Christian People's Party and the Center Party have been out of government power for a year now. Naturally the opposition period has underlined the things that separate them instead of the things that unite them. In the difficult situation the country finds itself in now it is imperative that they stand up in the future as a team, one that knows what it wants.

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CONSERVATIVE PARTY CONGRESS VIEWED BY PAPERS ON RIGHT, LEFT

Presthus Sets Platform

Oslo AFTENPOSTEN in Norwegian 9 May 87 p 3

[Article by Morten Malmo: "Change Must Occur Before Summer Recess!"]

[Text] "Let the Conservative message be clear--the crew must be changed before the summer recess begins!" That was the clear announcement made by Conservative Party chairman and prime minister candidate Rolf Presthus at the party congress in Tromso yesterday afternoon. He said plainly that the government's economic policy is inferior and that the economy has been like a ship driven by wind and weather. "The crew is searching for a landfall. The time is approaching when the skipper and his men will have to take to the lifeboats and turn the helm over to a more purposeful crew," was the Conservative chairman's political weather forecast.

In his speech to the congress in Tromso Hall Presthus condemned the government's economic policy from top to bottom. He reminded his audience that last year the Labor Party promised to curb both price increases and lending growth and that we are now experiencing increases in both areas. He also said that last year's devaluation of the krone had weakened competitiveness instead of improving it. Presthus went on:

"But the Labor Party seems content anyway. It reminds me of the man who fell from the 90th floor of a New York skyscraper. When he went by the 50th floor he breathed a sigh of relief and noted that everything had gone well up to that point!"

Seed Packet

In her speech to the Labor Party congress in March, Prime Minister Gro Harlem Brundtland held up a packet of seeds the Conservatives had handed out during the 1985 election campaign and joked about the fact that the back of the packet was stamped: "Good until 31 December 1986."

"Our seeds were stamped with an expiration date. Good gardeners know that seeds don't last forever. It would be a deception of the voters to avoid

calling attention to the fact," Presthus said in Tromso yesterday and pointed out that the Labor Party has never had any scruples on that score. "The Labor Party's voter guarantees are not supplied with either consumer information labels or expiration dates and they are not worth the paper they are written on," Presthus asserted. He also told his audience that the Conservative Party has now figured out what all the additions to the budget the Labor Party proposed in Storting from 1983 to 1986 would have cost: "As much as 28 billion kroner in terms of 1987 prices. The government should be very glad that the proposals were rejected," the Conservative chairman said.

Unified Strategy

While Presthus was merciless in his criticism of the Labor government's economic policy he also stressed the need to formulate a strategy to restore growth in the Norwegian economy. The Conservatives want to meet the future with a unified economic policy strategy that can sustain the welfare state and employment. According to the Conservative chairman this policy should include these six main elements:

A tax and investment policy that encourages work, initiative, savings, reorganization, profitable investments and innovation in the private sector.

A business and regional policy that contributes to industrial renewal and more technically-based enterprises.

A stronger emphasis on education, research and development.

Limits on the growth of public spending.

A continued effort for deregulation, simplification, the stimulation of competitiveness and the modernization of the public sector.

A continued emphasis on a "more open society" in which such things as more flexible work schedules will have a central place.

Contact and Warmth

In his speech to the congress Presthus also devoted a lot of attention to "the gentle values." He said Norway has come a long way in organizing the welfare state but added that something has been lost along the way, namely human contact and warmth. He spoke of the problems the elderly, the handicapped and refugees encounter when they want to participate in community life and of street children who fall between the cracks of all the assistance programs. Presthus recalled pastor Karsten Isaacson's words about not dying "until no one thinks about you any more" and said flatly that loneliness, racism and lack of respect for fellow human beings are the plagues of our era.

"The Conservative Party will never turn its back on such problems. Our task is to make people realize that no one is successful if his success involves turning his back on other people."

Reservations a Bad Habit

With regard to security policy Presthus said that it truly sets a new tone when the Labor government now strongly supports the U.S. negotiation plans in Geneva and that this is quite different from what we heard from the Labor Party when it was part of the opposition. He also commented that the Soviet Union is well on the way to accepting the "zero solution" for Soviet and American medium-range missiles in Europe. "Such a solution was described by Einar Forde in 1981 as 'totally unacceptable from the Soviet point of view.' What Forde did not accept then is accepted today by Gorbachev," said Presthus. He hopes that the Labor Party has learned that NATO cooperation is better than hand-to-hand combat and that when NATO countries stand together they also get results. "Reservations to NATO policy are a bad habit. As long as the Soviet Union believes it is possible to divide the West there will be no results," Presthus maintained yesterday at the Conservative congress.

Presthus Will Remain

"Due to the fact that we have not managed to bring about a government change so far, it is natural for disappointment to be focused on the candidate for prime minister. I have been prepared for that all along. The loyalty in all segments of the party really touches me and I am grateful for it. I have remained in office and I will continue to do so as long as they want me to."

With these words Rolf Presthus commented on the public debate concerning his difficult dual role as party chairman and candidate for prime minister. However he kindled new hope for a rapid power shift with these words: "In a short time we should be where we belong, where a nonsocialist majority said we should be!"

Believes in Shift

"Today I am optimistic," was the message Presthus gave to the congressional delegates. He went on: "We are now involved in negotiations aimed at results that will clarify the possibilities for a joint policy foundation for a new nonsocialist government. The three parties have come a long way toward hammering out a joint tax policy, media policy, economic policy and a policy for dealing with the challenges of the welfare state."

But Presthus made no secret of the fact that problems still remain before the three parties can reach their goal. "If we do not succeed this time, there will still be a clarification now. Before Storting breaks up next month our representatives and voters will know whether we will be fighting under the banner of a new three-party government as we approach the next election or whether we will unite under the Conservative flag this time," Presthus noted. He concluded with these words: "Everyone knows that the three parties are independent parties with their own party programs. Even if we devote all our energy to formulating a joint government policy we will have differences of opinion in the future too. There are opportunities here

too. Through our government cooperation we showed in terms of practical politics that more things unite us than divide us!"

Conservative Paper Assesses Presthus

Oslo AFTENPOSTEN in Norwegian 11 May 87 p 2

[Editorial: "The Answer Is Yes"]

[Text] I came. I saw. I conquered. Rolf Presthus did not go to Tromsø to convince Conservative delegates that he is a good party chairman but to show political Norway that he is the kind of person who would make a good prime minister. The debate that has gone on about the candidate's alleged lack of qualifications for the position has contributed to the stubborn misconception that a change of government is unnecessary, unfortunate or impossible.

When Presthus goes home with the victory he fought for it will have a ripple effect far beyond the man and the party; it will change our political situation. On TV Friday evening one could already observe that the prospective prime minister had acquired the increased authority that is the result of increased self-confidence.

Presthus also had another reason for speaking with greater credibility on the government question. On behalf of the Center Party deputy chairman Anne Enger Lahnstein went farther than anyone in her party has done so far in indicating willingness to take on new government responsibility. The prerequisite was that a change must occur "on an orderly and businesslike basis." That is precisely the condition that is now being met with the current discussions.

The public has some reason to feel confused. At the moment it might seem that the discussions are miles ahead of most of the media people who have managed to convince themselves that a government change is simply not on the agenda. Some of the questions they asked Presthus, Bondevik and Lahnstein during Friday's forum could give the impression that TV reporters are imprisoned in their own ideas of reality and that they have no way of seeing what is now happening on the nonsocialist side of the wall.

There are two reasons for this schism. One is the misconception that the Norwegian economy is in pretty good shape. Thus there seems to be no reason to change things. The sad truth is that the economy is getting worse and worse. The inflation figures, the balance of payments deficit and the questions that are now being raised in other countries about Norway's credit worthiness are some of the symptoms.

The other misconception is that the three parties are so far apart (meaning that the Christian People's Party and the Center Party are so far from the Conservatives) that it would be impossible or unproductive for them to cooperate. Here they are overlooking two things: that a party achieves more

control and influence over policy when it is in the government and that the three parties need each other in order to get there.

Above all people lose sight of the main point. It is true, as it has always been, that the three parties can be far apart initially on a number of issues (such as the choice of means in the regional policy area). But in almost all these cases the three are on the same side in relation to the Labor Party. They have a natural basis for a lasting alliance. If they want one. That question now seems to have been answered in the affirmative.

Labor Paper on Presthus

Oslo ARBEIDERBLADET in Norwegian 9 May 87 p 5

[Commentary by Oivind Nielsen: "Rolf Presthus"]

[Text] This weekend Rolf Presthus is taking an exam.

Rumors from Tromso say that the candidate has prepared himself well; he is said to have delivered his congressional speech twice to an empty hall before the premiere itself. He will not have time for that kind of thing as prime minister.

Conservative strategists have decided that in order to improve poll figures the technical apparatus surrounding their candidate for prime minister must be reinforced. So when Rolf Presthus looks us straight in the eyes from the hall in Tromso where the congress is being held, you should know that he is "cheating" just a little. The party has supplied its chairman with something called an auto-cue machine. This is a trick politicians out in the big world have been using for some time--a machine that projects manuscripts like a film strip onto an "invisible" glass screen in front of the speaker's platform. It looks as if the speaker is talking to us directly and straight from the heart, but in reality he is standing there and reading his text.

According to AFTENPOSTEN, which is a reliable source in this connection, the Conservative Party has also made an all-out effort to strengthen the rest of the chairman's support apparatus. His own lighting equipment, a new logo with a scenic picture, new loudspeaker equipment (!)--and now automatic cue cards.

We will just have to see if it helps. For even though the Conservative chairman is not up for election this year, there is a lot at stake for Presthus in Tromso this weekend. He has to remove all doubts that he is the only party leader and candidate for prime minister.

In that respect he got off to a poor start. His progress from heading the Finance Ministry to serving as party chairman and becoming a prospective candidate for prime minister has been amazing. He mastered the finance minister role almost completely, considering the degree of difficulty. With

his round jovial disposition he was a popular finance minister in many ways and not many people have managed that in this particular job. He also mastered the area under his command.

But he has not mastered his new role. In addition to his failure to play on a broader political register, much of the reason for this lies of course in the impossible position the party has placed him in as prospective prime minister. Working his way out from under Kare Willoch's influential and dominant shadow has also been a problem.

If the candidate for prime minister is to be more successful in the future the Conservative congress will probably have to give him more to work with than better technical equipment.

Commentator Replies to Charges

Oslo AFTENPOSTEN in Norwegian 14 May 87 p 3

[Commentary by Kjell Hanssen: "Best Traditions of the Firm"]

[Text] We see the Conservative congress described in ARBEIDERBLADET as "a farewell to the Willoch era with its unfailing and repetitive emphasis on a dynamic tax policy, competitiveness and foreign debt." Others have also written and said that they now can see a different and softer Conservative Party with more emphasis on culture and welfare and less on the economy.

In this way some are hoping to put the Conservatives at odds with themselves (e.g. at odds with Kare Willoch who has been the undisputed leader of the party for 16 years). Others who wish the party well believe that the contours of a new conservative wave are being outlined. The question is whether this is correct. Has the Conservative Party acquired a new look? And what if it has?

Political Profile

The party could have two conceivable reasons for changing its profile (one of the fashionable new words that implies that the most important thing is how good something looks when it is being portrayed).

One reason would be that the Conservatives were encased in old prejudices and that these prejudices were repelling new groups of voters. The other would be that the Conservatives had really ignored a great many realities in the past and had first discovered this fact now.

Conservative Gains

But neither is true. The Conservative Party has not stagnated. It has been the big success in Norwegian politics in the last 10-15 years (the Willoch era) with record increases in voter support. One has to believe

that all these voters have flocked in precisely because they liked the party as it was, not because they hoped the Conservative Party would turn into something quite different.

(In that case the same voters would leave the party if they now felt the Conservative Party was abandoning them.)

Misconceptions

The debate over the "hard" versus the "gentle" Conservative Party seems to be based on some fundamental misconceptions about the place of economics in politics. One starts out by outlining an ostensible contrast between economic discipline and social kind-heartedness, between skinflints and open-handed donors. Once one has succeeded in doing this one can say and write practically anything.

Dangerous Place

Here, of course, Karen Willoch has been a nuisance for many years. First and foremost for his opponents, but also for some members of his own party. Willoch made politics a dangerous place to be. Here was a man who asked what was really on the price tag or if there was any price tag at all and what all the tags--if they were correct--would add up to.

In dealing with people who thought they could handle things by demonstrating their good intentions, Willoch asked about their ability to keep their promises. And the consequences of doing so. And he asked for proof that the results would live up to expectations.

Onesided?

Was this onesided concern with economic factors? It is a seductive but empty term, it is like reproaching those in charge of family finances for trying to make ends meet. The fact is that if no one looks after cash values all Norwegians will be poorer and the poorest will be in an even worse position. If no one looks out for competitiveness people will be thrown out of work.

If no one says no, every yes will be hollow and meaningless. If the state has to use more and more money, companies and families will have to get along with less.

Trust

Someone has to see the interconnections and make sure that people are aware of them. The Conservative Party under Kare Willoch did this. One has to believe that the party knows better than to throw away the trust he was able to win for it. When a pipe breaks in the bathroom it is very nice of the plumber to promise that he will shovel one's snow for nothing next winter, of course.

But the most important thing is whether he is able to stop the leak right now. The new Conservative leadership would be wise to assure us that they intend to carry on the best traditions of the firm in the future.

SURPRISE EXPRESSED AT CAVACO'S CALL FOR ELECTIONS

Lisbon EXPRESSO in Portuguese 17 Apr 87 p 3

[Text] A question I have asked myself from the beginning of the crisis is this: "Why did the PSD demand elections?"

Why did it not suggest to the left that it govern?

Why did Cavaco Silva, when he was overthrown in Parliament by the PS, PRD and PCP [Socialist Party, Democratic Renewal Party and Portuguese Communist Party] not say:

"Gentlemen, the parties which caused my party to fall now have the obligation to form another?"

Why did the prime minister not say this?

Why did he not take the initiative of making the opposition responsible for resolving the crisis?

I confess that I do not know the answer.

Apparently Cavaco had everything to win if he had done so.

He would show his indifference with respect to government.

He could not be blamed for exerting pressures on the president of the republic.

He would make the decision by Mario Soares much easier--in case the president decided to call for elections no one could then accuse him of playing the game of the Social-Democrat Party.

Moreover, if Cavaco Silva had placed the responsibility for the solution of the crisis on the shoulders of the opposition, he would now be benefitting from the divisions observed in the left.

Each time that Constancio refused an agreement with the PCP, or Martinho imposed conditions for supporting a PS government, Cavaco would win a point.

And if, after all, the PS, PRD and PCP did not manage to come to an understanding to create a new government, the leader of the Social-Democrats would emerge as the great winner--able to accuse those parties of irresponsibility for having overthrown the Executive and not being then capable of finding an alternative for him.

But let us suppose that this did not happen and the left even managed to form a cabinet.

Even here Cavaco Silva could only be a winner.

Actually, a Constancio Government, approved in the Assembly with the votes of the PRD and the PCP, would only have two possible futures: It would either be brief or impotent.

It would be brief in case Constancia would decidedly assume the leadership and carry out the "structural reforms" he advocates, because they have nothing to do with what the PCP or even the PRD advocates, and soon the Socialists would see themselves isolated.

It would be impotent in case Constancio would prepare to negotiate everything with the communists and the renewal members, because at that time he would be governing at such a slow speed that in a short while discontent would be general.

In one case or the other, elections would be the outcome.

After a failure of the left in the leadership of the destinies of the country, it would not be difficult for Cavaco Silva to obtain the absolute majority to which he aspires.

Because of all that, it is not easy to explain the reasons why the prime minister urged immediate elections.

It is also probable that impatience and the desire to move faster led him to choose the most direct solution at a time that the situation counselled a nonconfrontational but crafty action.

In case the responsibility for forming a government had been transferred to opposition, Cavaco would have put the left in a difficult position.

Thus, he left the president of the republic in difficulties, and if Soares schedules elections and the PSD wins, the Renewal Party and the Communist Party will not refrain from presenting that result as a gift from Mario Soares to Cavaco Silva.

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CSO: 3542/86

PORTUGAL

POLITICAL

CONFLICT AMONG LEADERS LEADS TO DEFECTIONS FROM MDP

National Council Resignations

Lisbon O DIA in Portuguese 22 Apr 87 p 4

[Excerpt] The dismemberment of the MCP/CDE [Portuguese Democratic Movement/Democratic Electoral Commissions] initiated with the struggle between leaders, some more "loyal" to the Communist Party than those who still control the small group, is continuing. Thus, 36 more members of the MDP National Council presented their resignations yesterday, because they disagreed with the recent abolishment of the United Peoples Alliance (APU).

In a letter sent to the leadership of the party, the 36 who resigned--some of them former members of the Political Committee they had recently left--accuse the present leaders of the MDP of "causing it to change the nature of its objectives and causing it to change its unifying character." Those who resigned, who belonged to party structures in various parts of the country, declare, however, that they will continue to engage in political activity, acknowledging that they will join the Communist Party.

MDP Waits For Offers

Lisbon EXPRESSO in Portuguese 17 Apr 87 p 1

[Excerpt] The MDP/CDE will go to the upcoming general elections by itself if none of the three parties it considers "potential allies" (PS, PRD, PCP [Socialist Party, Democratic Renewal Party, Portuguese Communist Party]) will take the initiative of making contact with it for an alliance or electoral front--Mario Casquilho, member of the Political Committee of that party, told EXPRESSO. According to the same leader, the MDP will go to elections with its own slate and in all the electoral circles of the country.

In a communique, released yesterday, the leadership of the MDP/CDE makes no reference to its relationship with the PCP, despite the fact that this party is continuing to attribute to its partner within the APU the responsibility for the breakup of the alliance.

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GUERRA STRENGTHENS HAND IN GOVERNMENT

Madrid TIEMPO in Spanish 4-10 May 87 pp 22-26

[Article Graciano Palomo Cuesta]

[Text] During the Socialist administration's more than 5 years in office Alfonso Guerra has governed in the shadows, controlling the fundamental spheres of government and of the PSOE. After his most recent speech to Parliament during debate on the censure motion and his international debut, the deputy prime minister's figure is adding new dimensions.

The deputy prime minister has accentuated his monkish habits, his ascetic air of a false decadent aristocrat and the bright sparkle in his sharp eyes that conceal a deep-seated shyness and a high degree of existential doubt.

On 31 May, in other words, the day of San Fernando and the Sacred Heart of Jesus, Alfonso Guerra Gonzalez will celebrate his 47th birthday. After 25 years of political activity, he is still uncomfortable with this line of work. "Very uncomfortable, so the day that I retire, I will do so all the way, absolutely all the way."

Nevertheless, the retirement he covets is not in the offing for the most feared leader of the transition, the man who turned up his nose at what to a professional politician is a cherished dream: the post of deputy prime minister.

He wanted to leave, like the bullfighters of Seville, through the Puerta del Principe after the 1982 elections, triumphant and before burning himself out in office, but 5 long years of exercising power have transformed him. Previously a tireless behind-the-scenes worker who spent hour after hour behind a desk, he has now entered the national and international limelight.

The "Other President"

This week Guerra visits China as an official guest of the Chinese Communist Party. Immediately thereafter he travels to Japan and, a few hours later, flies to Argentina, where on behalf of the Spanish Government and people he will voice solidarity with the democracy that President Raul Alfonsin represents.

The deputy prime minister has served effectively for 5 years as the man in charge of coordinating the machinery of government and as the number two man in the administration and the PSOE. He is the "other president," which does not mean that he aspires to succeed his close friend Felipe Gonzalez or that he is behind some maneuver to cease being number two in Spanish socialism and the administration, according to all of the sources consulted by this weekly. "Amid clever remarks or outbursts to discredit his adversaries, Guerra is the major engine of the Socialist government's action and the person who has read thousands and thousands of papers that doubtless bored him," says a high-level government official who also belongs to the Executive Committee of the PSOE.

To many Socialist ministers and colleagues of the deputy prime minister, the real Guerra was still unknown to the public until his speech during debate on the censure motion last March, "where he gave an example of his statesmanship that contrasted with his image as an eccentric ogre that some of his frightful remarks have created," underscores a ministry undersecretary.

The deputy prime minister's new image and international role are hard and fast facts. Felipe Gonzalez had been the sole and exclusive representative of Spanish socialism in the world for more than 10 years. Now, Guerra speaks up and negotiates not only in Algeria but also at the plenum of the Socialist International (at its most recent meeting in Rome he proposed Spain as a mediator with Latin America), in Peking, Managua, Budapest and other major international forums.

Last week he traveled to Valladolid to chair the Council of Castile and Leon in another bid to bolster his influence and lend a hand to his fellow Socialists, who have been doing poorly there of late, according to the polls.

Guerra and the Powers That Be

The first time that Guerra chaired a Council of Ministers meeting was on 4 May 1983, when Gonzalez was in the FRG. It prompted newspaper editorials, which attached "special significance" to the development. The acting president felt "absolutely nothing, except more bothered in the evening. I did not feel a special responsibility. I'm a very cold person in that regard, not at all given to pomp, symbolism and the like, so it was no big deal."

Guerra regularly sees the defense minister and is in touch with some ranking military commanders, with whom he established ties after he was invited to lecture at some high-level courses that CESEDEN [Higher National Defense Studies Center] organized. His speech was later distributed among army high commands. Oddly enough, Armed Forces commanders like his firmness and straightforwardness. Some ultraconservative circles are very opposed to him, for obvious reasons.

If Barrionuevo "discovered" the Civil Guard, Alfonso Guerra discovered the Catholic hierarchy, and vice versa, at least when Monsignor Gabino Diaz Merchan headed the Episcopal Conference. Without hiding the general and specific disagreements between them, circles in the Catholic hierarchy feel

that "when we have had direct dealings with the deputy prime minister, he has been respectful and receptive, thus overcoming certain misunderstandings."

It is the big banks, however, that are most familiar with the Seville native's abilities. There is a reason why Luis Valls Taberner, the president of the Banco Popular and a great admirer of Guerra, is among the "big eight." Not long ago Manuel Gomez de Pablos, a well-known figure in the financial world and the president of Iberduero, had praise for him, although by and large he has no complaints about his "friend" Carlos Solchaga and his team of "beautiful people," whom the deputy prime minister would like to replace with former Minister Julian Campo. These circles value highly the respect that Guerra enjoys among social agents and his control over the election-winning machine known as the PSOE.

His performance in the Zarzuela Palace has been marked, above all, by his ability to resolve issues when he has served as acting president and by the absolute punctuality and accuracy of his reports to the king. He is held in high esteem there. He is the man in the Socialist Government who most mystifies the chief of state and whom he would like to see more often in his residence. We should not forget that it was Alfonso Guerra who ushered the crown prince into public life during his first state trip to Latin America. The deputy prime minister donned the obligatory dark suit on that occasion to see the heir to the crown off.

The unwritten agenda of the Guerra faction in the PSOE is to keep the historic memories, the socialists' distinguishing features alive in a constantly changing society and to make sure that personal actions square with what has been preached and promised to the citizenry.

From this stems Alfonso Guerra's influence among the Socialist rank and file, his solid backing when someone has chosen to lock horns with him, like in the summer of 1985, when Boyer thought that Isabel Preysler was stronger than an entire political organization.

Machinery of Power

Guerra's adversaries in the PSOE think that he is a power broker because besides having the rank and file behind him ("I am the Socialist Left," he said, clearly disavowing Pablo Castellano and his followers; or "to my left is the abyss") he controls the party's key posts, not only at headquarters on Ferraz Street in Madrid but practically throughout the country.

Guillermo Galeote, Carmen Garcia Bloise, Alejandro Cercas, Elena Flores and Salvador Clotas, among others, enjoy his utmost confidence in the party in Madrid. On the Federal Committee of Lists, perhaps the most decisive body for political action, Guerra is in full control with men like Salvador Fernandez, Galeote, Luis Fajardo, Antolin Sanchez Precado (a Galician Socialist leader), Jose Ferrer and Miguel Angel Martinez. Only Enrique Mugica and Txiki Benegas may not have a place among the constellation of staunch Guerra backers who dominate the Socialist headquarters.

Among the provincial organizations, only Madrid with Joaquin Leguina, Andalusia with Jose Rodriguez de la Borbolla and Valencia with Joan Lerma are openly opposed to the deputy secretary general. Against the former Guerra has pitted Teofilo Serrano, the state secretary for public office and deputy secretary general of the Madrid Socialist Federation; Luis Perez, the inventor of the "Luisometer," an election campaign tool, and Benjamin Castro. Rodriguez de la Borbolla is going to have trouble holding back Luis Yanez, the current state secretary for international cooperation and for Latin America and Guerra's number one candidate for mayor of Seville. Joan Lerma will have to reckon with Jaime Garcia Miralles, the president of Valencia's autonomous parliament and a confidant of the deputy prime minister.

The rank and file of the Socialist Party is largely the same as that of the UGT [General Union of Workers], where Alfonso Guerra's prestige is intact in spite of the severe feuding in recent months between union, party and administration. In the UGT the deputy prime minister has two clear-cut supporters in Matilde Fernandez from the chemicals sector and Antonio Puerta, the secretary general of the powerful metalworkers organization. As Nicolas Redondo remarked to a newsman in the elevator at the Congress of Deputies after hearing Guerra during the debate on the censure motion, "it was time for us to hear something high-minded, rigorous and not at all demagogic. Alfonso is something else." He has not spoken with Gonzalez for months.

His Men in the Administration

Right in the heart of the prime minister's office Roberto Dorado, a top man in the Guerra faction, is the chief of the prime minister's cabinet. Not very far away works Francisco Fernandez-Marugan, another of his loyalists. Both discharge high-level political functions. Rafael Delgado, whose influence in the Moncloa cannot be dismissed with the simple title of "secretary," and Juan Antonio Yanez, Felipe Gonzalez' foreign policy adviser, belong to the machinery of government that Alfonso Guerra controls in the office of prime minister.

But he really looks like "the other president" on Wednesdays, when he chairs the General Commission of Undersecretaries and Secretaries of State, which prepares the index and agenda for the Council of Ministers, aided by the discreet and efficient Virgilio Zapatero, the minister of relations with the Cortes and of the Government Secretariat.

Guerra also has many members of the cabinet under his influence, among others: Manuel Chaves, the labor minister; Javier Saenz Cosculluela, minister of public works and urban development; Abel Caballero, tourism, transportation and communications; Julian Garcia Vargas, health; as well as undersecretaries and secretaries of state like Julian Arevalo, Francisco Pena, Teofilo Serrano, Carlos Hernandez Gil; directors general like Francisco Virseda in the powerful Directorate of Mass Media; Aurelio Sahagun in Information Relations, and Jose Maria Rodriguez Colorado in Police.

Manuel Marin, the European commissioner; Emilio Menendez del Valle, the ambassador to Jordan, and Julian Santamaria, the ambassador in Washington, are some of the men in the foreign service with close ties to the deputy prime

minister, this being an area in which Alfonso Guerra is showing increasing interest.

Guerra has not forgotten about government-run institutes or bodies that have great political significance, having placed Rosa Conde in the Center for Sociological Research (CIS). In Spanish Television he has lost a battle with the appointment of Pilar Miro, but not the war, which is ongoing.

Juan Carlos Rodriguez Ibarra in Extremadura, Pedro Silva in Asturias, Gabriel Urralburu in Navarre, Jose Bono in Castile-La Mancha, Jeronimo Saavedra in the Canaries, Jose Nalda in Castile and Leon and Carlos Collado in Murcia are some of the autonomous-community presidents whom Guerra appointed.

"The deputy prime minister is closely monitoring everything having to do with the development of home rule," says the Socialist president of an autonomous community, "and is exercising his powers to the limit, even though at times his hand is not noticed." There is a reason why he chairs the Government Delegate Commission for Autonomous Affairs.

He and the interior minister, Jose Barrionuevo, take care of the appointments of the civilian governors, an issue in which he shows uncommon interest. Guerra the listener coordinates government in the provinces as one of the most genuine powers of his position. He periodically has provincial press reports prepared and then compares the information with his sources inside the government and the party. The order to remove the governor of Alicante, Octavio Cabezas, who was embroiled in the lottery scandal, came from his office. Another of his long arms of power is Parliament, through the Socialist parliamentary group in Congress and the Senate. Eduardo Martin Toval, the spokesman in Congress, aided by other Guerra people like Mario Trinidad, is the spearhead of a parliamentary group that he controls with ironfisted discipline. Juan Jose Laborda, who quickly shifted from the "Christian" to the Guerra faction, does likewise in the upper house. It is unlikely that the deputies will disobey the deputy prime minister, inasmuch as he is present at most sessions of Parliament.

Alfonso Guerra, who shuns parties, protocol and the jet set, is cultivating a group of intellectuals, some of whom are Antonio Gala, Elias Diaz, Jose Felix Tezanos, Jose Antonio Gonzalez-Casanova and Professor Cotarelo. Some ideas come out of these gatherings.

His fellow Socialists say that Guerra has what it takes to be prime minister, "but will never be over Felipe Gonzalez. That is completely unlike him." He has been unusually busy of late, perhaps because in addition to all those reports, documents, organizing and listening, he now travels. And very far.

Nevertheless, Alfonso Guerra Gonzalez, number two, the "other president," the methodical, orderly worker obsessed with information and esthetics, keeps saying: "I want to retire soon. I want to have my library of books, records and videotapes and a little house by the seashore, to have no memories or bills to pay, to live amid the ruins of my intelligence."

He will not be allowed that luxury.

WERNER SEEN BOTH KEY TO VPK SUCCESS, CENTER OF PARTY ROW

Attracted Voters In 1985

Stockholm NY DAG in Swedish 15-21 Apr 87 p 5

[Article by Karen Mansson: "Werner Became The Left-Wing Communist Party's Trump Card In The 1985 Election"; first two paragraphs are introduction]

[Text] Confidence in Lars Werner from a broad spectrum of voters meant more for the good showing of the Left-Wing Communist Party (VPK) in the election than confidence in Westerberg did for the Liberal Party, says a voter survey concerning the 1985 election. "Voters And Elections In Sweden" is the title of the survey, which came out last week.

According to Statistics Sweden (SCB), Lars Werner was his party's major asset in the last election. A full 35 percent of VPK voters may have voted for the party so Werner could be viewed as a good party leader.

Restiveness continues to grow among Swedish voters. Even if voting by class still predominates, there are nevertheless trends among voters to desert their old parties and towards split ballots (voting for different parties in parliamentary and municipal elections).

On Tuesday, political scientists Soren Holmberg and Mikael Gilljam presented the results of the latest voter survey, conducted on the 1985 election. As usual, the survey was done in collaboration between the Political Science Institute in Gothenberg and SCB.

This is the twelfth time voters have been surveyed in this way. Next to the USA, Sweden has the longest time series of election surveys in the whole world, Soren Holmberg said proudly when he presented the findings.

Trends from the previous election continued. That is to say, voter restiveness continues to grow and the grip the established parties have on voters is decreasing. More voters make up their minds late which party they will vote for. For this reason the campaign took on even greater significance.

Few Party Switchers

Seen internationally, Sweden still has very low figures when it comes to the number of people who switch party. Most party switches occur within blocs and above all within the nonsocialist bloc. In the last three elections, switches between blocs went down somewhat compared with earlier elections.

There are certain characteristics of the 1985 election. For example, the researchers talk about a conservative wave which began before the 1982 election and continued through the 1985 election. The conservative wave may explain the decline suffered by the Social Democrats in the most recent election.

The conservative wave affects parties in addition to the Social Democrats, however. Both Social Democratic and Communist voters said they are to the right of their parties.

This is a new phenomenon the parties will have to deal with, otherwise they risk losing voters, Holmberg and Gilljam said in their presentation of the survey.

Liberal Winds As Well

The "conservative wave" is nevertheless not unambiguous, the survey shows. At the same time conservative winds blew on issues relating to the economy, power, and the role of the state, liberal winds blew with regard to social welfare. This was how the Liberal Party won voters with its socially liberal profile in the election.

Yet another new phenomenon concerns sex differences in voting. Thirty to 40 years ago, women voted more nonsocialist than men. Today the opposite is true: Women have turned left and men have turned right.

In the 1985 election the Social Democrats were supported by 46 percent of women as against just 41 percent of men. For the Conservatives the reverse was true, the party got 23 percent of male votes and only 15 percent of female votes.

The swing to the left among women is not a unique Swedish phenomenon. The trend is found in most Western countries.

The researchers guess that changes in women's voting have to do with women's entry into the labor market but also with changes in the pattern of sex roles.

How did the voters view the election? Many voters were critical of it and thought there was too much "party squabbling."

Despite the conservative wave, the Social Democrats won the election. How did that come about?

The researchers believe the Social Democrats got through on employment issues, --on which the Social Democratic Party traditionally has a high profile--on social welfare issues (where a certain liberal wind did indeed blow), and on the issue of confidence in the government.

VPK's Voters

And what about the VPK? How did it get its votes?

First of all, the researchers point to ideological left-right issues on which certain groups of voters are critical of the Social Democratic Party, issues such as defense and nuclear power. On these issues the VPK attracted some votes.

The researchers point to the so-called tactical voting as a second factor, while saying it did not occur to the same extent in 1985 as it did in the previous election.

The third factor the researchers point to is Lars Werner, the party leader. His popularity benefited the party and probably won voters away from the Social Democrats.

The survey gives clear proof of Werner's positive influence on the VPK's result in the election.

"It is with a certain amount of surprise that we...observe that it was Lars Werner and not Bengt Westerberg who seems to have been his party's greatest asset in the 1985 election. By voting for the party, 35 percent of the VPK's 1985 voters may have been influenced by their thought that Lars Werner was a good party leader," wrote Soren Holmberg and Mikael Gilljam in their analysis of the voter survey.

Furthermore voters by and large saw the VPK as a one-issue party, one which mainly talked about eliminating the value-added tax on food.

Concedes Tensions In Party

Stockholm SVENSKA DAGBLADET in Swedish 26 Apr 87 p 6

[Article: "Werner Admits Party Tension"]

[Text] There are tensions within the party, VPK leader Lars Werner concedes. They are the same tensions found in the rest of the country owing to the political situation. Before a congress, those tensions rise to the surface. According to Werner, no factions are involved.

As the VPK's election preparation group met in Linkoping for a first meeting before next month's congress, Lars Werner participate in one of about ten meetings the VPK held on Saturday as a part of its campaign for a six-hour work day.

Won't Say

The sky was dark with threatening blue-gray clouds, and while the VPK leader spoke rain began to fall, writes TT. However, as to whether his own future as party leader is bright or dark, Werner did not want to say.

"I can't discuss the work the election preparation group will do. I'll know soon enough what will come out of it. I don't discuss such questions in the mass media," he said.

Doesn't Break

Internal criticism of Lars Werner and attempts to replace him with a new party leader are on the rise as the congress approaches. Werner has said he will stand for reelection, but that the congress will decide.

"We might wait for the congress to discuss these issues," he said on Saturday in remarks directed at influential party comrades. But he saw no danger of the party's breaking up.

"No, I really don't. The ceiling in our party has always been high. But I think that a part of this high ceiling is saying some somewhat strange things," he said.

Regrets Defection

Viola Claesson, one of the party's two vice chairmen, has decided to leave the party leadership at the congress. She has said that the VPK needs to be renewed and has criticized male dominance in the party.

"I'm sorry people defect one month before the congress. There certainly won't be more women if one woman leaves a major position," Werner said Saturday.

Impatience Is There

There is impatience among members over VPK's actions in parliament, he said. This impatience is based on the unrealistic assumption that the VPK, with its 19 seats, can exert pressure on the Social Democrats.

"We have never supported the Social Democrats unconditionally. We have discussed and joined with them in certain instances. But if we are to be able to pressure the Social Democrats, the nonsocialist parties have to agree with us, and we certainly don't want to carry out nonsocialist policy."

Agree In Broad Outline

Lars Werner observed that in broad outline the parliament group has agreed on all issues on which the party line has since been criticized. He did not agree that the reason the VPK withheld its vote from the parliamentary motion about equalizing municipal taxes was complaints about excessive coziness towards the government.

More Women

"We are opposed to stealing money from the cities. The Social Democrats can't just sit and threaten us. If we're going to discuss an arrangement, it will be as two equal parties," he said.

More women are needed in the party leadership as well as the parliamentary group, Werner continued. But he did not address the criticism that he is a contributing factor to the man's world of the VPK himself.

According to Gunnar Agren, chairman of the VPK's county council group in Stockholm who was present at Hotorget [a street in Stockholm], this is a fabricated criticism.

"Those who criticize Lars Werner for not pushing women's issues haven't pushed those issues themselves. When that criticism is made of Lasse, I think it looks pasted on."

Animosity In The North

Conflict over the VPK party leader has also led to animosity within the party in Norrbotten. The VPK in Malmfalten is hitting hard at member of parliament Paul Lestander from Arjeplog in southern Norrbotten. It is said that he is independently trying to bring about a change of party leader.

"Lestander hasn't even bothered to find out how the VPK in Norrbotten sees the issue," said Bernhard Winsa, the Gallivare VPK leader. "Lestander is of course district chairman, but because of that he has absolutely no right to do as he's doing. We distance ourselves from Lestander's action."

Lestander Harmful

The VPK in Malmfalten thinks Lestander is harming the party. For reasons of "cleanliness" Jorn Svensson ought to desist from campaigning against Werner.

"I've checked sentiment across the entire country and can tell you that we stand behind Werner in Malmfalten, Boden and in the Torne valley. The coastal areas haven't taken a position."

"This action can lead to our losing our position as a party in parliament and if we do, the nonsocialists will take over the government. We express our full support for Werner," Winsa said.

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CSO: 3650/136

FELDT VOWS GOVERNMENT TO TAKE ACTIVE ROLE IN WAGE TALKS

Stockholm DAGENS NYHETER in Swedish 3 May 87 p 15

[Article by Clas Barkman: "Going Into The 1988 Wage Talks: Increased Risk Of Conflict"]

[Text] Up to and including 1984, the Swedish labor market was hit by major strikes about every fifth year.

Since 1985 this appears to have changed to every year. Sweden has been transformed from one of the most peaceful to one of the most conflict-ridden countries in the Western world.

Owing to strikes and lockouts, in 1975 production of approximately 350,000 work days was lost.

The biggest conflict was in 1980, when 4.5 million work days were lost through labor market conflict.

In 1985 strikes and lockouts cost society 500,000 work days.

The price for the most recent wage talks for 1986-87, which dragged on longer than perhaps any others, was close to 700,000 conflict days.

On point after point, expectations that the 1988 wage talks will break the trend and mark a return to more peaceful negotiations over wages are collapsing.

Small Hope...

Here are some of the expectations which have more or less collapsed:

Many hoped that the so-called FOS group, with representatives from the Employers' Confederation (SAF), the Federation of Trade Unions (LO) and the Central Organization of Salaried Employees (TCO) would hit on a patented formula which would make it possible for the parties in the labor market to calculate how much wages can increase without harming the country's competitiveness.

The FOS report was published in mid-March. The unions are very interested in trying to make use of the report.

But the FOS model collapses primarily because the SAF refuses to back it. The fact that one of the authors of the report, Karl-Olof Faxen, is the head researcher at the SAF means nothing, says the Confederation. The FOS report represents his interpretation, not the SAF's.

There were great hopes that the method devised by the LO, the Cartel of Private Employees (PTK) and the SAF in the 86/87 talks to minimize the pay boost (wage increases beyond the agreed upon rate) would become a permanent solution. It was thought that the parties ought to establish an upper limit for each year's pay boost. Wage hikes above this limit would be penalized the following negotiating year by a decrease in the wage increase rate.

Pay boosts are one of the main reasons Swedish wages are higher than the country's economy would allow for. Pay boosts also alter the allocation matrix the parties agree to.

But at the beginning of April even this collapsed. Bertil Blomqvist, the PTK's chairman, explained at that time that the PTK would never again contemplate embarking on such efforts. The reason for this was that it was difficult to determine what a pay boost was. The PTK also thinks it is a mistake for all private employees to be uniformly penalized with lower wage increases if certain individual groups get larger wage increases than those contained in the wage agreement.

Up till now there has been great optimism that tensions between private and public employees who are LO members could be resolved internally within the LO before the 1988 wage talks.

But in that portion of the report about the LO's wage policy which came out at the end of April, it remained clear that there was still a long series of internal problems to be resolved within the LO before antagonisms could be resolved.

Coupon Clippers

Thus far the LO has concentrated on equalizing pay, investing year after year in low wages. There now remains hard work on the other portion of the unified wage policy, i.e. equal pay for equal work. The LO currently lacks a mechanism which would equitably determine which jobs are to be considered as comparable. This most likely still arouses controversy within the federation over which jobs have the lowest and the highest levels of pay.

In addition, there is the very sharp criticism of coupon clippers made the day before yesterday, May Day, by Stig Malm, the president of the LO. If the government does not propose changes in the law concerning, for example, stock market ethics which will cut down on the "champagne high" and stock market rakeoffs, the LO threatens to call for record high wage increases.

The LO cannot call for restraint from employees if stock market rakeoffs occur to the same extent as in recent years, Stig Malm said.

Hopes have also been high that before the 1988 wage talks the SAF could regain its position as the leading negotiator for private employers.

As things now stand, the SAF will not receive a greater negotiating authorization from its members associations on the subject of wages.

As the SAF has lost influence over its 35 member associations, antagonisms within the federation have increased. Many say that the SAF's biggest member association, the Metal Trade Employers' Association (VF), has assumed the leading role and this year, in confederation-wide negotiations, is getting its way throughout all of the private sector. Up against the VF line are mostly the smaller employer associations which belong to the SAF precisely because they are dependent on other employers for support and help.

Major Lockout?

The SAF's problem is that confederation-wide negotiations presuppose that agreements can be reached without conflict. If there is a strike or a lock-out, employees are more dependent than trade union organizations on internal coordination. A strike by truckers union members, for example, would affect not just trucking firms, it would also affect major segments of the business community. To judge from all appearances, the response by employers to such a strike would be unified support for a major lockout.

There have also been high hopes that before the fall wage talks the government would have laid down a firm basis for economic policy so as to facilitate the wage negotiations.

But there are indications in the supplementary government bill which was introduced on Tuesday that making sure that next year's state and municipal wage increases do not exceed a limit to be set by politicians will become a major problem--for the trade union organizations, at any rate. The LO, TCO and SACO view the government's intervention as a limitation of the right to open negotiations in the public sector.

If the parties do not follow directives, the government is threatening to cut back on public activity, in accordance with the so-called cash limit principle.

Acrimony and a desire to get even on the part of public employees are also great inasmuch as last year nothing came of the flexibility over wages they had had with private employees.

All things considered, this mitigates against public sector agreements' becoming the major problem in the wage negotiations, as they usually do.

Glimmer Of Light

There is a glimmer of light in this darkness. There appears to be almost complete consensus among all parties in the labor market and at the Finance Ministry that in order for the Swedish economy to survive, price and wage increases must turn downwards. Since the beginning of the year the government has had a price freeze in effect. Pressure on the parties is now great to ensure that wages do not gallop away.

The difficulty is that the closer to the floor of the workplace the wage negotiations are conducted, the less the parties to the national economy bother.

Row Dance

It was once said that Swedish wage negotiations were like a row dance. If a car worker at Volvo got a salary increase, there was a sort of chain reaction throughout the entire labor market, so even the bishop of Skara received a comparable raise. Everyone was in step with everyone, and wage relationships were cemented.

Today wage negotiations are becoming a stormy sea instead. All the parties are negotiating with only an eye to the interests of their group. The trade unions call this divisiveness and warn against selfish solutions and a lack of responsibility towards the national economy. The employers' term is decentralization. In both the private and the public sectors, employers think that there now exists the prospect for more dynamic thinking. Wages are a means of running things, a management tool to be used to stimulate workers to do even better at their jobs, they reason.

The fact that the 1988 wage talks will to a large extent be conducted on a number of fronts, with a greater number of independent actors than there have been for many years, also means that the risk of conflict increases. Nevertheless, if there is a strike or a lockout, relatively few employees will be involved. Once this would have meant that the consequences of conflicts were, in a comparable way, limited. Today there is no such connection. A strike by any strategically chosen key groups whatsoever (with the exception of the hair dressers' and barbers' union and a few other trade unions) can inflict great damage on society.

The problem for employers is just the reverse. They cannot respond to a wildcat strike with a wildcat lockout. Such a measure would be ineffective. For employers there is really only one weapon against conflict and that is a major lockout.

Kjell-Olof Feldt

Just recently, i.e. more than a half-year before the start of the 1988 wage negotiations, Finance Minister Kjell-Olof Feldt has stated that the government will not be a silent spectator, watching the upcoming round of talks degenerate as they did in previous years.

It appears that Feldt's own contribution to the 1988 wage talks will be a proposal for a new taxation system right in the middle of the crucial negotiations. The question which remains unanswered is whether next year's wage bout can be resolved before the election in September 1988.

OZAL REPORTEDLY ORDERS PARTY LEADERS TO BE 'OUT IN PROVINCES'

Istanbul TERCUMAN in Turkish 12 Mar 87 p 3

[Commentary by Yavuz Donat]

[Text] Ozal called Kaya Erdem from the hospital. Inquired after affairs of state. Erdem said: "Your health comes before everything. Don't worry about anything. We are all trying our best not to make your absence felt."

Ozal called Hasan Celal Guzel from the hospital. Wanted to know how things were -- the price of paper, price arrangements by newspapers and so on. Guzel gave the necessary answers, saying, "We are busy carrying out the policies as well as explaining those policies to the public."

Ozal called Minister of State Kazim Oksay from the hospital. Inquired about the labor negotiations in the public sector and the natural gas project. Oksay said, "Collective agreements have been signed at SEKA, THY, PETKIM. We are working on the others. There's nothing to worry about. The natural gas project is starting in April."

So that's the Houston - Ankara bridge...

* * *

Ministers should not be spending their weekends in Ankara. That's what Ozal wants. He wants to see them spreading out to all corners of the country. Every minister is expected to visit 3 provinces. For instance, Kaya Erdem is 'responsible' for Izmir, Manisa and Aydin. He can be seen visiting these provinces frequently. Hasan Celal Guzel is 'responsible' for Gaziantep, Kahramanmaras, Sanliurfa. During the last 2 months Guzel spent only one weekend in Ankara. The others were spent in those provinces.

Ozal wants two things from his travelling ministers: 1. Showing interest in people's problems; 2. Looking after the party organization.

That is another dimension of the Houston-Ankara bridge.

* * *

Before leaving for the U.S. Ozal said that "on his return he would have to make some changes in the party, the cabinet, the caucus." At the time he knew he was to undergo surgery and might be staying in the U.S. for some time. We have a feeling that he now regrets saying it. Ozal is the kind of person who prefers, if he can, not to upset anything. But the arrow has already left the bow. On his return he will have to embark on some operations, however limited. Ozal may be thinking in following terms:

For the last 3 years I concentrated on government affairs neglecting the party. The party has not been able to explain our policies to the public. Probably couldn't explain them to the rank and file either. I have to transfer one or two of my ministers (but not someone who might be perceived as an extremist) to serve at party headquarters. The party has to project an image of reliability. And in the convention, coming up in Oct, the party administration would have to be reinforced (with people from NDP and FDP) and an election team should be put in place.

Yet another view from the bridge...

* * *

It's as if Demirel is a skillful chess player. He seems to contemplate not only the next move but several moves hence. For instance, he has already decided, down to smallest detail, what stance to take if his ban is lifted and what to do if it turns out otherwise. We asked him:

If the ban is not lifted who should the voters vote for? What will you say to the voters from the top of the campaign bus? What chance would CWP have in an election without you as leader? Wouldn't the 'master-apprentice' metaphor, so successfully applied back in 83, be equally effective in 88? Wouldn't the electorate say, "Since the master (Demirel) isn't there let's elect the apprentice (Ozal) once again"?

Demirel replied, "This is not a question of master and apprentice but a matter between the shoe repairman and the shoemaker. And he proceeded telling an anecdote:

At the village, Uncle Ali's unmarried daughter was on the verge of spinsterhood. One day, finally, a man arrived asking for her hand. He was the shoe repairman. Uncle Ali gave his daughter away. The next day, at the village coffeehouse, everyone was critical: 'How can you give your daughter away to a shoe repairman?' To which Uncle Ali replied, defiantly: 'Well, it isn't as if the shoemaker asked and we said no, is it now?'

Demirel went on:

From the top of the campaign bus I will narrate this story. And I will say to the people, "Here is the shoemaker, asking for the daughter's hand. Give her hand (your vote) to CWP. I am standing right behind them."

So when the shoemaker appears on the scene would anyone care to give their daughters away to the repairman?

Writing about the Houston-Ankara bridge and related issues one should not neglect the 'Demirel factor'. That's what I have tried to do. From now on 'Guniz Street' [Demirel's residence] would have to be watched closely.

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CSO: 3554/221

COMMENTARY SEES SOVIET DESIGN IN KURDISH MOVEMENT

Istanbul TERCUMAN in Turkish 12 Mar 87 p 7

[Commentary by Tilmaz Oztuna]

[Text] In current terminology the term used to describe those wanting to establish a Kurdistan on Turkish soil is 'separatist', and the movement itself 'separatism'. Is there any possibility of a Kurdistan being established? I will try to answer that question not as a Turk but as an objective historian. No, the possibility does not exist. The possibility of a Kurdistan being established on Turkish soil is about the same as Ulster (Northern Ireland), Navarra (Basque), Brittany, Corsica, Croatia, Slovenia, Macedonia, Bosnia-Herzegovina being established as independent states. In short, close to zero...

It is impossible for this movement to win over the people of the southeast. It can't win over the southeastern intellectual either. Had I been a racist/ethnicist I would have listed the names of statesmen of southeastern origin who occupied the highest offices in the land -- the presidency, the prime ministry, ministries and so on. Like their Ottoman forebears -- vazirs and field marshals -- they would have been much surprised to hear they were not Turks! In any case, from an historical and ethnological perspective, it is difficult to tell which tribe descends from which line. They are still a matter of scholarly dispute amongst us historians. But from a sociological and legal viewpoint there is no dispute -- they are all Turks.

It is an illusion to think that our citizens in the southeast would transfer their loyalties to another state leaving their present one. PKK knows this full well and that's why it has chosen the method of terrorism to get the backing of our citizens. Using terrorism to extract support from the populace is a well-worn tactic. It was used by Bulgarians in Macedonia, by

Armenians in eastern Anatolia. But today Macedonia is in Yugoslavia and eastern Anatolia is in Turkey. The Bulgarians and Armenians have wasted thousands of their people in those ventures. Behind them were Russia, Britain and France whose contention was with the Ottoman Empire.

It is a common practice of great powers to incite small nationalities against the central state to suit their plans, and then leave them to their fate. This tactic never changes. There are always people receptive to provocation. History repeats itself. Great powers have financial and other resources at their disposal. They can always find individuals whose services they can buy. Some of them fill their pockets, other lose their lives. Great powers are not interested in who dies, who survives. Some of these individuals are even misled into thinking that they are helping their people.

The condition of the Kurds in Iraq and Iran are quite different. Russia, and perhaps other great powers, dream of having a small, land-locked country like Kurdistan as their satellite right in the middle of the oil region. They would like to use this small country as a chess peon between Turkey, Iran and the Arab world. Even if there isn't Kurdish autonomy in the cards they still like to keep things stirring in the area.

In Turkey 'Kurd' denotes a regional type, much like a native of Istanbul or Black Sea. It creates only astonishment when someone says they are not Turks. It is like tracing the family tree back a few generations. From an Iranian point of view, however, Kurds are a part of Iran and their natural ally against ethnic Turks who constitute one-third of the Iranian population. In Iraq and Syria, however, Kurds are a foreign element with only the Islamic common denominator. As it so happens, the Kurdish movement that started in Iraq in the 1920s was aimed at reuniting with Turkey rather than remain within Iraq. They were harshly suppressed by the British who were simultaneously inciting them against new Turkey by painting it as an anti-religious regime.

Kurds belong to the Sunni-Shafii denomination, and a small minority are Alawites. The dominant sect is the Naqshibendi, which is essentially a Turkish sect originating from Turkestan. The leaders of the Kurdish movement, however, are communists for the most part and are linked to Moscow. From such complexity the only thing that could emerge is chaos. The blood of too many innocent people has already been spilled.

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SELCUK ON ERRORS IN KURDISH POLICY

Istanbul CUMHURIYET in Turkish 12 Mar 87 p 2

[Commentary by Ilhan Selcuk]

[Text] Error number one: An eastern problem existed 25 years ago but it was somewhat different. Solutions were suggested in those years. A comprehensive land reform getting rid of parasites like feudal lords, tribal leaders and the like, putting an end to primitive social relations; an intensive educational mobilization inspired by the model of Village Institutes; etatist economic planning to do away with the east-west regional imbalances; a resettlement policy to deal with the westerly migration that had already started.

The first error was branding these solutions as 'communism'.

Error number two: The ruling conservative and reactionary coalition had other things in mind. The feudal lord or the tribal leader also happened to be the local party man as well as broker between the electorate and the government. The backwardness of the east suited the designs of the conservative government. From the viewpoint of the dependent, underdeveloped capitalism the east-west chasm in Anatolia was perfectly natural. And nobody really wanted to change the order.

The second big error was thinking that the system could go on without having to change.

Error number three: Establishment of a Kurdish state along the Iran-Iraq-Turkey border had always been an issue of sorts. But the CIA and the ruling reactionary-conservative coalition had a jointly implemented tactic: Associating democratically inspired, east-oriented intellectual tendencies with separatist movements, and suggesting they are one and the same.

To view every single threat directed at Turkey as a manifestation of communism, viewed as a monolithic entity, had the effect of blunting national awareness. That was the third big error in the Southeast question.

Error number four: In many countries minorities live. There are Turks in countries like Bulgaria, Romania, Yugoslavia, Greece, Iraq and Iran. In Turkey there are Armenian, Greek, Jewish, Kurdish communities which is perfectly natural [given the Ottoman ethnic mix]. But in our region if the political map has to be redrawn the largest share would have to go to Turkey. As we don't covet any other country's territory neither can we afford to part with any of our own. No one can divide our country.

The fourth error, however, was to maintain there are no Kurds in Turkey.

Error number five: Turkish Armed Forces are the military guarantee of our national independence and indivisibility. We have a 800,000-strong army -- on land, sea and air. When TRT refers to 'separatist bandits' in the same breath as this great army it gives the wrong impression. Dealing with bandits is the job of gendarmerie units.

Certain inadvertent commentaries in the press and TV, in misconstruing the whole situation, are creating impressions which can only benefit the separatist forces.

Error number six: The prerogatives of the 'Special Operations Department' formed back in the 60s, is known to have been misused by irresponsible officials for domestic political purposes. Under such pretexts Atatürkist individuals and progressive intellectuals have been subjected to torture.

The function of Special Operations is becoming clearer lately in the Southeast but it also appears that the 'village guards' program may well have been the sixth error.

Error number seven: Certain forces want to draw Turkey into the Middle Eastern conflict. The first rule in avoiding such a trap is keeping one's cool -- remaining calm and patient.

The final error could well be the mishandling of the EAP Project (Southeastern Anatolia Project). If the project is geared to interest calculations of this 'can do' government rather than being based on social justice and social planning then we're in for the biggest error in our history.

COLUMNIST ON SELF-INFLICTED DAMAGE IN KURDISH, OTHER ISSUES

Istanbul MILLIYET in Turkish 12 Mar 87 p 8

[Commentary by Sami Kohen]

[Text] Last weekend BBC's '24 Hours' -- a current affairs program with background analysis, consultation of experts and relevant figures -- decided to focus on the 'Kurdish question'. Representatives from two different Kurdish groups of separate tendencies and BBC's Turkey specialist took part. As would be expected the two Kurdish representatives hurled charges against Turkey. BBC, to protect its traditional objectivity, wanted to get a Turk on the program to respond to these charges and articulate the Turkish viewpoint. As a happy coincidence a Turkish parliamentarian who knows the subject very well happened to be in London. The deputy in question was also an experienced diplomat, a foreign affairs specialist with a broad perspective and an able speaker. As such he was just the right man for the job. But, according to the BBC, he declined the invitation on grounds that he could not take part in the same program with the Kurds. Consequently, the job of explaining the Turkish viewpoint fell on the Englishman who made a superficial exposition (not a defense) of that viewpoint. And the program had an imprint of Kurdish propaganda more than anything else.

We were surprised by the behavior of our deputy whom we came to know as a bold and courageous politician. The format of the program was not that of a panel. Therefore it wasn't as if one would have to sit across the same table with representatives of hostile groups. Even if the format was that of a panel what was there to lose? This was, after all, a radio program not an official conference where the issue had to be negotiated.

The reason why we are dwelling on this episode is this: In the past when Cyprus and Armenian issues came to the fore, and when foreign media was acting as a conduit for the views of the other side we were becoming irritated, even accusing them of anti-Turkish propaganda. Later we began to realize certain things. For instance, we came to realize that documentation from Turkish sources in the archives of major media organizations was woefully inadequate. We came to recognize that, with certain exceptions, our cultural attaches and diplomats had not been able to put the Turkish viewpoint across. We even heard that foreign TV and radio networks had difficulty finding Turkish officials and specialists to take part in their programs and panels, and when they found them the invitations were declined. Thus, the Greek or Armenian propaganda machines were able to dominate the foreign media. Our usual reaction has been one of anger and irritation.

We also happen to know that some of our enterprising and dynamic diplomats and professors have been quite effective in the panels and seminars they attended and were able to score points on Turkey's behalf. That being the case, our stance should not be one of "if the other side's men speak then I won't." That kind of attitude will result in the other side having the whole field to itself, bringing no benefits to Turkey whatsoever.

As we pointed out last week a 'new diplomatic and psychological front' has been opened lately, what we may call the Kurdish front, similar to the ones we witnessed in the cases of Cyprus, Aegean and the Armenians. Like in a military conflict, in a contention of this kind, one could get results only when one makes effective use of resources at one's disposal. One thing is for sure: Leaving the front unmanned is no way to victory!

* * *

There is another aspect which has to be taken into consideration. And that is the manner in which the diplomatic engagement is conducted. Once again our previous experiences should show the way. The issue does not go away by simply saying, "We don't know any such problem." We have to discern what the other side is thinking, what it wants, and what it says and evaluate the matter accordingly.

On many occasions we have heard the same complaint from Turks living abroad, whether in the U.S. or Europe. These are people in a position to influence at least their immediate environment. With particular reference to Cyprus and Armenian issues they have been heard saying, "We don't know the issues well enough, neither do we know our basic official positions. So how can we refute their arguments?"

For that we need to listen to the arguments of the other side without any preconception. Having done that we can then present evidence with supporting documentation. But this requires something akin to a media campaign and finding the right people. Once we establish our positions and find the right people to articulate them there should be nothing to fear. Let them take their best shot then! Whether it is the BBC, U.S. Congress or European Parliament...

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COMMENTARY URGES RAPID RESTORATION

Istanbul TERCUMAN in Turkish 13 Mar 87 p 3

[Commentary by Yavuz Donat]

[Text] At long last Rahsan Ecevit entered the gates of Chankaya. It is an important event. She did it because her husband could not. That's why it is important. A woman whose husband has been thrown into jail goes to Chankaya and remains there for an hour. That's why it is important. Two people are talking politics: One has a husband banned from politics for 10 years, and the other is the 'author' of that ban... That's why it is important.

Some people may wonder, 'If you wanted to talk shop with the lady, did you have to impose a ban on the gentleman?' Everybody knows that the lady is not the leader, leading a political mission, or anything like that. She simply is Ecevit's shadow and surrogate.

* * *

There was a time when CWP was in a similar predicament. For a long while they could not visit Chankaya. Then, one fateful day, an invitation arrived. In those days the sight of Cindoruk going up the Chankaya hill was an important event. It is commonplace these days.

Cindoruk goes to Chankaya because Demirel cannot. Everyone knows this, including Chankaya, and Cindoruk, and the Turkish public. So why all the playacting? It is difficult to surmise why Cindoruk goes to Chankaya to talk politics on behalf of Demirel. Cindoruk might call us saying, "Nonsense, when I go to Chankaya I speak on my own behalf, and on behalf of my party." And moments later, our friend Ali Baransel might phone and say, "Nonsense, Mr. Cindoruk wasn't invited here to represent Demirel." But neither of them would be convincing.

During their last meeting, the president had reportedly drawn Cindoruk's attention to a copy of YENI ASIR with banner headlines quoting Demirel. The president reportedly expressed his displeasure saying, "Look, I am not saying anything. It is Demirel who is criticizing me." Since the president expressed his displeasure in the company of Cindoruk, and not of someone else, we may conclude that he wanted the message to reach Demirel; by way of Cindoruk. If that was not his intention he would have chosen another context, another medium, or another person to express his sentiments. Of course, we don't know what Cindoruk later did. Has he fulfilled his function? If he hasn't already, he will.

Which is more appropriate? Should our president express his displeasure to Demirel directly, or should he be using an intermediary? The same question applies to Demirel as well. Should he involve himself in politics with or without an intermediary? Well, I can hear him say, "You haven't heard of the ban, have you?" He's probably right. Isn't that at the root of the problem anyway?

* * *

Let's hope our prime minister soon returns home putting an end to all the nonsense. There was a time when we used to complain of the 'heavy hand of the leader, one-man show' and the like. Now, the problem is 'no leader'.

We used to complain of deputies switching parties, changing the arithmetic composition of the Assembly. Now in just 3 years 188 deputies changed sides.

We used to say democracy had not settled yet. Now the main talking point is, 'Just when will democracy settle?'

At one time there was a lot of speculation and behind-the-scenes activity -- premature as it turned out -- going after the presidency. Today we see speculation, behind-the-scene activity with eyes firmly fixed on 1989. So, what's new?

Let's hope our prime minister returns soon to restart the processes of normalization, civilization, democratization. He needs to do that as much as the country needs it.

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BRIEFS

RADICAL PARTY REPORTEDLY TO BE FORMED--Brussels--Radical Party (RP), in the process of being formed in Turkey, has joined the Green International, founded in Brussels by Western European ecology parties. Arriving in Brussels to participate in a conference of the homosexuals, RP representative Ibrahim Eren also took part in the founding meeting of the Green International. Pointing to the need for an ecology party in Turkey, Eren said that RP will be shouldering that responsibility and will be joining the Green International. During the meeting, attended by ecology parties from Common Market countries as well as Sweden, Norway, Austria and Switzerland, Eren said that the Turkish ecology party will derive most of its membership from among homosexuals, feminists, and anti-militarists. [Text] Istanbul MILLIYET in Turkish 11 Mar 87 p 7 12466

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MINELAYING TECHNOLOGY CHANGING GROUND WARFARE DOCTRINE

Herford KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN in German Sep/Oct 86 pp 195-198

[Article by Peter Boschmann: "New Barrier Resources of the Engineers and Possible Effects on the Battlefield"]

[Text] Mission and Objective

In the scope of forward defense, the blocking capability is being assigned a substantially greater importance and new quality compared to before. The mission of the army requires, besides the firefight against tanks, a high priority for barriers as well. In addition, the improved performance of the blocking capability and the increased effect of barriers is required especially in delaying actions. The army chief of staff emphasizes this requirement in that "he adds the element of barriers, whose basic element is up-to-date mines with their rapid delivery systems, to the classical tactical elements of fire and movement." This means acceleration of the use of barriers with improved quality and greater capacity as well as the forward displacement of forces in direct support of the combat forces.

With this requirement, the "hindering of the movements of the enemy" becomes a key task with new quality in the spectrum of tasks of the field army engineers. The other main tasks of engineer support, "support their own movements" and "increase survivability," retain their importance.

To fulfill the task "impede," the following essential performance is demanded of the engineers:

--achievement of a high blocking value near the border before the beginning of combat operations and

--timely reaction to the blocking requirements of the combat forces in action.

Only a system of different and coordinated barriers can meet these requirements. The following objective is valid for the use of barriers in forward defense near the border:

Before the beginning of combat operations, the preparation of barriers makes sense only where the evaluation of the terrain and enemy situation allow one to expect enemy attacks. Such barriers therefore lie primarily along possible main lines of movement of the enemy. The goal of these barriers is to force the enemy forces to deploy early and to make more difficult a rapid and unhindered bringing forward of their striking forces so as to gain time for the assumption of a battle disposition by their own forces and to support the first forces entering into combat.

In combat, the network of these primarily terrain-oriented barriers is compressed in accordance with the requirements of the combat forces and with an orientation to the situation. In this connection, it is a matter, through the direct support of combat forces, of setting up barriers where an armored enemy can be expected, makes a surprise appearance, or has penetrated or broken through. The objective of these barriers is to contain the armored forces of the enemy, to break his offensive power, and to inflict losses upon him.

Finally, in target-oriented operations, the artillery fires minefields in front of its own forces and in flanks. This action is directed against the surprise appearance of enemy forces and against follow-up enemy echelons. In this connection, it is a matter of preventing the unhindered introduction of new forces.

Inasmuch as the light artillery rocket system (LARS) with AT 2 antitank launched mines has been available for years for the target-oriented use of minefields, with the delivery of the new barrier resources of the engineers the objective of the just-mentioned use of barriers is entirely feasible.

The Second Generation and Its Delivery Systems

Beginning this year, the engineers will be equipped with the following mine systems/mines:

- minelayers with antitank implaced mines (PzAbwVMi DM 31),
- mine launchers with antitank launched mines (PzAbwVMi),
- directed antitank mines (PzAbwRMi) and
- improved-performance antipersonnel implaced mines (SchAbwVMi DM 41).

The MiVSys 85 replaces the mines of the first generation and is used in the prepared use of barriers and in on-going combat.

It is suitable above all

- to support the action of the delaying forces, especially in the temporally limited defense,
- to guide the enemy into particular areas in which one's own forces are superior,

--to contain the enemy in front of the security line and to simulate for him the forward edge of the battle area [FEBA], and

--to dam up the enemy in front of the positions on the FEBA so as to destroy him through fire.

The MiWSys supplements the MiVSys and is primarily foreseen for the situation-oriented use of barriers in accordance with the current requirements of the troop commanders as well as of the line commanders. It permits the direct support of combat forces in on-going action in all types of combat.

The MiWSys is primarily suitable

--for the direct support of combat forces in delaying actions in a slow fighting retreat and in defense primarily in combat in depth,

--for the rapid closing of barrier gaps,

--for the rapid protection of flanks and

--for the rapid, temporally limited blocking of areas that must remain unobstructed for one's own movements or be unobstructed after a certain point in time.

The directed antitank mine closes an equipment gap in mine warfare. It makes possible the rapid blocking of highways, roads and paths without time-consuming preparations. In addition, it is used to close gaps and lanes, to strengthen minefields, to block crossing points, and in combat in builtup areas.

All engineer units with the main task "blocking" are equipped with minelayers and the armored engineer companies of the brigades and the engineer companies of the division battalion are also equipped with mine launchers. In addition, there is a large number of directed antitank mines.

The equipping with mines permits these units to fulfill their blocking missions over several days of combat without the necessity of resupplying them with mines.

With the basic load of the engineer element of a division, there is a ten-fold increase in the blocking capacity through laying mines. Launched and directed mines will also be available.

Decisive new characteristics of the barriers prepared with up-to-date mines are:

--They block rapidly, even large areas, because they are laid mechanically.

--Their effect is aimed at the destruction of armored combat vehicles.

--They are highly resistant to clearing.

--The effective time of implaced and directed mines is limited to weeks and that of launched minefields can be selected in hours.

Engineers can fulfill the blocking requirements of the troop commanders and combat forces more comprehensively and provide effective support in the combat types delay and defense in the main antitank effort with minefields. Where engineers can no longer block because of the development of the situation, artillery minefields are laid. The principles for the use of new barrier resources are already considered in AnwFE 700/108, "Provisional Operational Principles of the Army Service Branches," and in HDv 280/100, "Command of the Engineers."

It is no longer imperative that barriers rely on natural obstacles. Every passable terrain can be blocked. Barriers are to be set up where they most effectively support the action of the combat forces and are demanded by them.

Because of the capability of new mines and their delivery systems, it will no longer be necessary to prepare minefields early in the rear areas and thus to bind forces and resources unnecessarily.

Areas that must be kept open for one's own movements can now be kept free of barriers and still be blocked quickly or, if necessary, for a limited time in accordance with the situation.

Heretofore it has not been possible to establish barrier reserves in preparatory barrier operations. Mine launchers can now be kept ready for this purpose.

Combined Arms Combat

The capability of the new delivery systems is especially effective in combat. Whereas heretofore barriers were set up prior to the action of the combat forces and frequently spatially removed from them, the preconditions now exist for the direct cooperation of engineers and combat force in action.

In the future, the large capacity of mine launchers and minelayers will make possible the preparation of considerably more barriers than before with fewer engineers.

The new barrier resources led to a substantial reduction of the time requirement for the preparation and closing of barriers. Thus, the statement of the TF/G, No 2732, is no longer true: "...the preparation of barriers costs time, they require considerable forces and resources...." This does not mean, of course, that engineers will be economized. If engineers are to cooperate directly with combat forces in on-going combat, then they must be assigned to them for the entire operation. The network of the numerous prepared barriers--which in principle retain their importance--continues to bind engineer forces.

Combat effectiveness is gained and combat forces relieved by mixing the mine systems, mine launchers, minelayers, directed mines and mine rockets in situation-oriented operations and in combination with other antitank weapons.

The element "barrier" should be added to the following statement of the TF in No 1025: "The main elements of every action are fire and movement. It is the task of all commanders to coordinate them and thus to make full use of the combat capability of the troop."

In the future, it will be possible to perform some tactical tasks with fewer combat troops than heretofore, because combat forces find more frequent and extensive support through barriers. It will also be possible to save combat forces in certain areas through intensive blocking.

There will be a substantial improvement in the capability to establish key barriers, to strengthen barrier forces quickly, and to form barrier reserves.

Unblocked areas in the defense areas can be blocked at short notice and for a limited time and thus an enemy who has penetrated or broken through can be contained with meager forces.

At the end of discretionary effective times, counterattacks can be carried out unhindered through barriers.

Planning and Command of the Use of Barriers

The planning and command of the use of barriers takes place on the basis of ArwFE 700/112, "Use of Barriers--Engineers and Combat Forces." This directive is currently being adapted to the changed possibilities of new barrier resources.

Great importance is being attached to the organization of an area for the coordination of barriers and movement through the establishment of "unblocked areas" at all command echelons. In addition, the corps and division influence the use of barriers through the establishment of key barriers, including barriers of overriding importance from operational points of view. Beyond that, they set priorities through the assigning of engineer forces and resources. If possible thereby, engineers are to be assigned for the entire operation so as to make full use of their performance capability.

The brigade plans the use of barriers in its combat zone and employs the engineers in barrier operations. It authorizes commanders of line formations to prepare initial barriers. If the capacity of the new mines is to be fully utilized, this will occur more frequently than heretofore. Requirements as to time and space and effective times must be established by the brigade.

Through the increased blocking capacity and possibilities in the hands of subordinate commanders, the considerations on space utilization become more importance. Barriers must therefore be included in the coordination of fire and movements at an early point in time.

The capability of preparing barriers more quickly frequently requires the decision to block in on-going combat. It becomes possible to use additional, supplemental barriers with different effective times in accordance with the requirements of the line commanders or by order of the troop commanders. Thus, in the future, barriers will also become a central task in the conduct of operations. The place of the engineer commander will more frequently be in the operational center or at the mobile headquarters. It will be necessary to improve the display of barriers at the command posts and to make more frequent use of tactical command circles for important information on barriers. The information on barriers must be improved for troop commanders and combat forces.

The transfer of barriers to the combat forces can be reduced. Armored combat forces in particular now take over only prepared barriers in areas in which they are fighting or are preparing for combat. This occurs through briefing on the position of the barrier and transfer of a barrier record at the command post.

To "maintain barriers" as well as to trigger or close them, engineers frequently must remain at the barrier. Since combat forces are now increasingly experiencing the preparation of barriers in their deployment area--the time from joint reconnaissance to the effectiveness of minefields is reduced to a fraction of what it was--the transfer/takeover of barriers can take place more simply and more rapidly.

Summary

By utilizing the full performance capability of the new barrier resources, the engineers are finally put in a position to strengthen effectively antitank defense in combined arms combat flexibly, quickly and adapted to the current tactical developments.

In conclusion, a quote from a presentation of the army chief of staff on the theme "Forward Defense--Operational and Technological Aspects":

"The future land mine as an intelligent, indeed homing weapon in the hands of the troop commander should give him the possibility, flexibly adapted to the developing situation, of making the mine the pivotal point of a battle, around which the classical elements 'fire' and 'movement' are then orchestrated in accordance with the situation. In this way, we come to a triad of the factors 'fire', 'barriers' and 'movement'!"

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BOFORS SCANDAL INCREASES CONCERN OVER ARMS EXPORTS

Valmet Director on Company's Role

Helsinki SUOMEN KIVALEHTI in Finnish 10 Apr 87 pp 61-63

[Article by Timo Anttila: "Finland Is Not Attacking in the Death Trade; Little Boys in the Arms Market"]

[Text] The state company, Valmet, is not Finland's biggest exporter of military equipment, but it is nevertheless one of the rarer Finnish export companies. The Bofors scandal, which has made the Swedish national home creak in its joints, is cause for Finnish exporters of military equipment to bless Finland's small volume of exports. "Fortunately, we Finns are little boys in the international arms market," Heikki Mantyla, the manager of Valmet's defense equipment division, admitted.

In his opinion, however, the defense equipment division no longer fully corresponds to its name since not nearly all of the products it sells are military equipment. When we speak of arms or military equipment exports, we always have to first define military equipment," Mantyla reflected.

"If we sell hunting rifles abroad, that is not military equipment, but assault rifles, for example, are. On the other hand, even drawing the line between ordinary products is difficult. Does a tractor manufactured by Valmet become military equipment if, for example, it is used in the country that buys it to transport army troops?"

According to Mantyla, Valmet defines as military equipment those products that are originally designed for military use. The much-talked-about semi-automatic hunting rifle which the company has exported to the United States, among others, is not military equipment according to this definition, even though it does outwardly resemble an ordinary assault rifle. According to the English-language description of the hunting rifle, it is a good hunting weapon, the muzzle of which can accommodate a bayonet.

Valmet has a long tradition as a manufacturer of military equipment. The entire company was composed of Armed Forces-owned plants after the two wars. Since then arms production has continued to be one of the company's fields of operation, although that is no longer commercially important, accounting for only about 3 percent of its total sales volume.

With its subsidiaries, the company is at present producing assault rifles and light machine guns as well as ammunition and fuses for the Finnish Armed Forces. Furthermore, Valmet has an aircraft plant at Kuorevesi where aircraft ordered by the Armed Forces from elsewhere are manufactured and assembled. The plant has developed the Vinka basic trainer for the Air Force and the further improved export model, the Turbo-Vinka or Redigo trainer. They have unsuccessfully tried to sell the Redigo, which is at the prototype level, to the armies of various countries.

Sweden's Ailment

According to Mantyla, the exporting of military equipment is Valmet's attempt to compensate for the slow periods between domestic orders. Moreover, through export sales they can prolong production runs and at the same time lower unit costs of products.

"This is not, however, an end in itself. Aside from the Redigo, we haven't developed a single product intended for purely military use."

While Mantyla did not want to assume a position on the Bofors scandal at present being investigated in Sweden, the drift of his words was nevertheless obvious. Bofors has tried as well as possible to explain its illegal arms sales precisely by arguing that the company could not have developed guns reputed to be the best of their kind for the Swedish Army if it could not also export them. Its exports made large-scale mass production possible and provided money for product development.

The Swedes' problems are, however, of a different kind from those of the Finns. Sweden has knowingly chosen a direction in its arms policy in terms of which technically exacting and also expensive arms must be domestically produced. Aside from the Bofors guns, this can be especially clearly seen in Air Force procurements: The Draken and Viggen fighter planes and the Jas, which is still being developed, are all manufactured by the Swedes themselves. Sweden eagerly tries to sell all of them to other countries.

In Mantyla's opinion, Finland is in a completely different kind of situation.

"We have no products that occupy a special position in the world. There are, for example, more than enough assault rifles for sale on world markets. Much smaller sums are involved in Redigo trainer sales than, for example, in fighter sales. Furthermore, the Redigo is not really a military plane.

"We must also bear in mind that there is not a single company in Finland that has concentrated solely on military equipment production. Actually, in a rapidly changing world it could be dangerous from the standpoint of the company."

The changing world is thought to have been one reason why Tampella completely gave up exporting guns and grenade launchers in the second half of the past decade. The launchers manufactured by Tampella were felt to be the best in the world and the company exported them to many countries. It also engaged in a joint venture with an Israeli company that manufactured the same launchers under license.

After the 1973 war between Israel and the Arab countries, however, the situation changed. The Arabs, who got rich during the oil war, blacklisted Tampella, after which Tampella quickly abandoned the joint venture. Today Tampella manufactures guns and launchers only when ordered by the Armed Forces.

Product Choice and Unfamiliarity Are Problems

Heikki Mantyla said that a narrow choice of products may sometimes be a problem in arms sales.

"There are very few Finnish military equipment exports, if even those are worth mentioning. Since we are not known as arms manufacturers in the world, a lot of talk about Finland's good reputation is of no use. Finland may have a good reputation in Europe, but outside of Europe it must try to convince people only through good products. There are no moral problems because there are no exports to banned areas. So our conscience is clean."

In the international arms trade it is customary to arrange for credit and different sorts of reciprocal purchases. Valmet, however, makes its arms sales only for cash. The only exception is the Redigo, the sale of which Valmet has coupled with favorable financing for the buyer. Arms destined for war-zone areas would, of course, be paid for in cash, if they were to be exported to them at all.

"In the final analysis, there are very few nations that want to buy arms from a neutral country. Quality, price and financing arrangements are clearly the most important criteria of selection."

Licenses Granted Inconsistently

A special license is required in Finland for the exporting of military equipment, the granting of which the government decides on. According to Mantyla, procurement of this license may make the customer hesitant and it creates difficulties in generating sales.

"I do not oppose the licensing procedure, but in it are concentrated all the difficulties that a neutral country in particular has in selling arms. The moral responsibility for it is in some respects shifted from the companies to the state and the state also has to adopt a position on which nations are trustworthy enough for it to be able to sell them arms. The Finnish Government then has to divide the nations of the world into good ones and bad ones in accordance with which ones it will sell to and on what terms."

In Mantyla's opinion, a better procedure than the present licensing system is scarcely to be found, but he criticized Finnish officials' inconsistency. Sometimes selling to a given country is permitted and sometimes it is banned, even though nothing has happened in the buyer state and its immediate vicinity.

He cited as an example the assault rifles that were sold to Qatar. Several years ago Valmet provided the emir of Qatar's bodyguard with arms. Later on Qatar wanted to buy ammunition, but Valmet could not sell it to them because a license was not granted.

"Qatar wanted to buy 10,000 rounds, which is a very small amount. At least it is so small that no one could wage a war with it or conquer other nations. We got caught in a very awkward situation," Mantyla said.

Guarantees Are Ineffective

Mantyla was unwilling to give us a list of those nations to which Valmet has sold arms. In addition to Qatar, it has sold assault rifles at least to Indonesia. Valmet was accused of being indirectly responsible for genocide in Eastern Timor because of the arms it had sold to Indonesia when the latter conquered the former colony that had liberated itself from Portugal.

"We cannot be held responsible for what the buyer does with the arms after they have been delivered to him. Only through careful consideration and prior screening of buyers can we try to prevent arms from getting into a theater of war. But it is impossible for us to predict the future," Mantyla maintained.

"We must, however, distinguish clearly between knowingly exporting arms to a country that will sell them to some other country. On many occasions Valmet insists on a guarantee from the buyer that the arms will not be sold to a third party. The export license granted by the government often already requires this."

The guarantees referred to by Mantyla are common in the international arms trade. They have, however, also proven to be ineffective. For example, during the Bofors scandal it was claimed that the company had a whole bunch of guarantees signed by Kenyan officials but otherwise left blank, according to which arms supplied by Bofors would not be sold by Kenya to third parties. The arms never even went to Kenya. Bofors filled in the blank passages each time with the appropriate information as the need for it arose.

On the other hand, Bofors also sold arms to Singapore. From there Bofors arms were reexported either with the company's consent or without it, even though a guarantee prohibiting reexportation was required. The Finnish firm, Kemira, has also quite legally sold Singapore gunpowder that was used in the manufacture of ammunition.

"It is impossible for a small nation to completely control what disposition is ultimately made of all the arms or other military equipment [it sells]. In many cases, of course, we can rely on what a given nation promises. But what can Finland do if it breaks its promise?"

Mantyla gave us a hypothetical example. "Let's suppose that Finland has, for example, sold a superpower assault rifles. If the latter then sells them to, say, Iran despite these guarantees, what can we Finns do? Would Finland declare a trade embargo against the superpower?"

A few years ago the Soviet Union complained that cartridges manufactured by the Finnish cartridge factory in Lapua were found on Afghan guerrillas. Mantyla denies that the cartridges could have gotten into the guerrillas' hands through a direct sale. According to him, the cartridges were probably bought from a third country to which they had probably been exported as ammunition for hunting weapons.

Small Sales Organization

In practice one salesman handles Valmet's arms sales abroad. Indeed, at the moment that position is vacant. For its regular sales Valmet uses either a sales agent or itself directly contacts armed forces officials.

"Final contracts are always concluded directly with the armed forces, even though some nations want to use sales agents. Such agents are, however, never allowed to conclude binding agreements as far as we are concerned. We always decide to whom we want to sell and to whom not."

Advertising is also a part of sales. Throughout the world various kinds of military equipment journals are published in which there are also ads for Valmet assault rifles. In these journals [the results of] various kinds of tests involving the test-driving of tanks in the style of the world of technology appear.

Valmet's Redigo trainer is advertised for interested parties as follows: Save about a half a million dollars on combat pilot training.

Arms Export Legislation Revision

Helsinki SUOMEN KIVALEHTI in Finnish 10 Apr 87 pp 63-64

[Article: "Export Ban on Bicycle Seats"]

[Text] According to the law now in effect, seats for military bicycles may not be exported from Finland. A plan is now, however, afoot to revise the law since it has gotten to be more difficult than before to define military equipment when developing weaponry. In terms of foreign policy, exporting military equipment has always been fraught with problems for a neutral state, for Finland too.

The law governing the exporting of military equipment now in effect dates back to 1938. The man who proposed it was Interior Minister Urho Kekkonen and the man who supported it was President Kyosti Kallio.

The law contains a detailed list of those kinds of military equipment for the export of which the permission of the Council of State is required. The list has from time to time been amended, but it is nevertheless now considered to be inadequate. Furthermore, just a list is no longer sufficient.

An official committee appointed early last year and headed by Gen Aimo Pajunen, the chief of the Defense Ministry Office, has been discussing the exporting of military equipment. It is believed that the committee will submit its written report in the form of a bill only to the new government, even though the drafting of it has been nearly completed for a long time now.

The exporting of military equipment is being considered in a committee of government officials. This indicates that politicians are not very interested in the matter. In the present government, for example, the exporting of military equipment has only been problematic as far as two parties are concerned, both of which have party congress resolutions on the issue.

The Social Democrats' party congress resolution obliges the party's ministers to oppose the sale of military equipment. The Swedish People's Party has a party congress resolution in terms of which the exporting of military equipment is subject to questioning and further study.

In comparison with Sweden, for example, Finland's exports have been few and declining in number these past few years. In the present decade military equipment exports have accounted for less than a thousandth of Finland's export revenue. In comparison with Sweden, for example, export volume has been considerably lower, even though official exports of military equipment do not amount to more than a few percent of the country's total export volume in Sweden either. However, Sweden's total export volume is considerably greater than Finland's.

There are several different kinds of figures and statistics on Finland's military equipment exports. The differences between them are due to the difficulties of defining them. Among the English statistics, for example, the research ships Valmet built for the Soviet Union at the end of the decade are counted as military equipment. The ships were provided with weaponry in the Soviet Union for use by that country's coast guard.

Thus from Finland's standpoint the only issue was the construction of the ships, but they were counted as military equipment exports among international statistics on such items.

Markets Have Declined

Up until the present decade the arms exports of Europe's neutral countries were on the rise. In the 1980's, however, these exports have been declining every year.

"There are several different reasons for this," special investigator Pertti Joenniemi of the Peace and Conflict Institute said. "One reason is the collapse of the price of oil and the growth of the developing countries' debt burden. The potential buyers are in crisis areas, where the neutral countries cannot in principle sell arms. During the present decade the markets have actually declined to half of what they were before. During the same period, however, costs of developing arms have risen, and this has created export pressures."

According to Defense Ministry statistics, most of Finland's military equipment exports consists of cartridges, shells and their components. Last year, for example, gunpowder accounted for 60 percent of all such exports, bombs and grenades and their components for 37 percent and the remaining 3 percent for exports of arms per se.

The Defense Ministry figures do not, however, include exports of hunting weapons and cartridges for them. For this reason the Statistics Center reports the volume of Finnish arms exports as being about three times as high as the figures provided by the Defense Ministry.

Foreign Policy Problems

Military equipment exports are often fraught with problems for neutral nations because they have to stay out of superpower conflicts of interest. In addition to this and the moral problems involved, neutral nations may not sell arms in crisis areas or those in which military actions are in progress because then they would become pawns of the superpowers.

In many countries, however, military equipment sales are part of trade and employment policies, although less so in Finland. There are about 500 employees in Valmet's defense equipment division and about the same number in its subsidiary, Sako-Valmet. At Tampella arms provide steady employment for about 50 workers. So the less than a thousandth of its total exports and the total of a couple of thousand jobs it accounts for are not essential to and irreplaceable for Finland unless national defense considerations are taken note of.

At the Foreign Ministry they stress the fact that military equipment sales do not necessarily conflict with Finland's foreign policy objective.

"Finland's objective is to stay out of superpower conflicts," assistant department head Jukka Valtasaari explained. "Another objective is the maintenance of peace and security. If a country maintains its defense capability, this to a certain extent helps it to achieve that objective."

In practice Finland always takes the superpowers into consideration when it is thinking of issuing a license to export military equipment. Similarly, according to Valtasaari, Finland closely examines the buyer's motives.

According to Valtasaari, Finland sets five conditions for the granting of a license. Arms will not be sold in crisis areas or to nations engaged in war. The Foreign Ministry defines as crisis areas those in which there is either open warfare or the threat of war. Nor may arms be exported to a country either in which there is an internal crisis. If it is suspected that arms may be reexported from a buyer country, the buyer is required to provide assurance that they will not be sold. According to the final condition, contracts for the exporting of military equipment must always be concluded with the government of the country in question.

Finland actually exports military equipment to from 55 to 60 countries. There is no blacklist of banned nations because publication of such a list might also create foreign policy problems. It would have to be publicly explained why one nation was under an export ban and why another was not.

The government always decides on the exporting of military equipment. Firms' license applications are prepared at the Defense Ministry and the Foreign Ministry provides a statement that is appended to the application as necessary. The government decides on every shipment of military equipment exports separately since licenses are granted for the sale of hunting weapons once a year. About one out of every 10 applications for export licenses a year are denied.

Finland Has a Chance to Learn

The Bofors Company smuggling case that has raised such a stir in Sweden has also extended to Finland. The exporting of explosives by both Kemira and the Hanko firm, Forcit, falls into the same category as Bofors' illegal arms exports since both have done business with Bofors. As for Forcit, its deals are being investigated by the courts. According to the Customs Bureau, Kemira's exports took place legally.

Special investigator Pertti Joenniemi wants a thoroughgoing discussion in Finland of military equipment exports. In his opinion, this has not been generated because the issue is not considered to be important.

"Once again Finland has an excellent chance to learn from Sweden's problems. We can only imagine what will happen if it is revealed in Sweden that top political leaders right down to the late prime minister knew that Bofors had been smuggling arms. Citizens' confidence in the political decision-makers and government officials would be shaken and that is significant too in terms of national defense and security policy. Trust is an important part of national defense."

In Joenniemi's opinion, the way Finland at present conducts the exporting of arms has been a matter of routine policy. It has been this way because all of the consequences of these exports have not been sufficiently considered. Joenniemi, however, concedes that it has, for example, been hard to insist that Sweden give assurances that reexportation will be prevented. After all, that would have been, as it were, the adoption of a position by the Finnish Government to the effect that it did not have confidence in Sweden's policy on arms exports.

Conservative Paper Supports Revision

Helsinki UUSI SUOMI in Finnish 12 Apr 87 p 2

[Editorial: "Arms Exports"]

[Text] Finns too have become involved in the arms sale scandals since explosives sold to Sweden have found their way to Iran, among other countries. Since arms exports are obviously strictly regulated, it is most surprising that there are no written guidelines; instead the licensing procedure has taken shape over the years.

Thus, for example, a so-called end user certificate has never been requested from Sweden since that would be viewed as being downright discourteous.

After this, the rules for exporting arms will certainly be put down on paper. We can only say that it is high time.

11,466

CSO: 3617/87

25 APRIL ASSOCIATION STILL ON ARMY TELEPHONE NETWORK

Lisbon TEMPO in Portuguese 23 Apr 87 p 10

[Text] Discontent and some agitation is spreading in the midst of the military institution because of the detection and intriguing involvements of another flagrant anomaly that TEMPO discovered and confirmed in recent days.

It consists of the fact that, inexplicably, the 25 April Association is provided with military network telephones (4393 and 4394), not being any military, paramilitary or police unit, department or agency.

Other associations also merely related with military circles, such as, for example, the Association of Armed Forces Handicapped, do not enjoy such privilege as can be verified by the reproduction we show of the page of the latest military telephone listing in which the two aforementioned associations are published one after the other.

The military telephone network is a net that parallels that of the TLP civilian network and has installations in all the units of the three branches of the armed forces, departments, different agencies, squadrons, and PSP, GNR and PJ [Public Security Police, Republican National Guard and Judicial Police] posts, ministries, Presidency of the Council of Ministers, Presidency of the Republic and other institutions and agencies of high responsibility and authority of the state. That network covers all national space, including the Azores and Madeira. It is (and should be) of the knowledge and access strictly reserved to active duty military personnel.

The anomaly and privilege is that the 25 April Association, which is intended and authorized as only a civilian association, is in a network that can make available to it contacts that under no circumstances can be justified, whether it be for purposes of bringing up questions with which it is concerned--mainly of an eminently political nature--or just for simple personnel conversations at the expense of the state, completely free of any control by the tax-paying civilian society.

An Army Staff source told our newspaper, however, that higher authorities have knowledge of this anomaly and that they recognize it as such, but that it has not yet been possible to get rid of the pressures existing to allow the followers of Vasco Lourenco to continue to enjoy military telephones.

On the other hand, the only explanation we managed to obtain for the fact, but which was given to us informally and confidentially, was that the 25 April Association had military telephones when it was housed, during its early phase, at Forte do Bom Sucesso, which at that time was a military installation, and not because of the status of the association. Subsequently, when it moved to its present civilian installations at Linbda-a-Velha, the association, without formal higher authorization, took with it that former privilege, which they assured us is causing a great deal of controversy, reprovals and speculations in military circles up to the highest levels.

8908

CSO: 3542/86

FRG 'SECRET SPY BASE' REPORTED

Madrid TIEMPO in Spanish 4-10 May 87 pp 30-34

[Article by Enrique Montanez]

[Text] Spanish and German military technicians are listening in on the transmissions of the Warsaw Pact countries from a secret military communications center 190 kilometers from Madrid near the town of Manzanares in the province of Ciudad Real, under a cooperation agreement between the governments of Spain and the FRG.

The "secret base in Manzanares," as this communications center is called in top echelons of the Spanish Armed Forces, has been in operation for 20 years. In the mid-1960's the Bonn government asked General Franco if it could set up electronic facilities in Spain to monitor the strategic military communications of the socialist countries of the Warsaw Pact and the Soviet Union.

The German authorities asked the previous chief of state to keep this military cooperation accord secret, both to discharge the electronic intelligence-gathering missions more effectively and to avoid criticism from the German public over military cooperation with a nondemocratic system.

The military communications center was financed and outfitted by the FRG. In the 1960's it employed as many as 30 or so military officers who were specialists in operating sophisticated systems for detecting and listening in on strategic communications on the other side of the Iron Curtain or from the socialist bloc's military units in the Western hemisphere that were contacting their headquarters on Soviet soil or in the member countries of the Warsaw Pact.

Spain was chosen as the site of this complex system of electronic spying because, as military sources disclosed to this weekly, the Iberian Peninsula is located far enough from the FRG in the event of a surprise attack on German soil.

The German military experts trained their eyes on our country for another major technical reason: bugging the shortwave broadcasts that the Warsaw Pact

uses for its military communications is much easier the farther the monitoring facilities are from the broadcast sources.

The Ideal Spot

In the case of the FRG, "the shortwave broadcasts are not audible near the borders of the Warsaw Pact countries, and you need to be several thousand kilometers away to pick them up owing to the phenomenon of the waves bouncing off the ionosphere," Joint Staff officers explained.

La Mancha was selected as the ideal spot in Spain for this secret electronic spy center because it is a vast plain with no mountain range for 100 kilometers around. Thus, the waves travel very cleanly because they do not run into shadow zones or natural obstacles.

The electronic spy base is located 15 kilometers from Manzanares along the local road that runs from this town to Almagro, at the spot called "La finca del doctor." The land was purchased from a private citizen in the mid-1960's by the now defunct Supreme General Staff (AEM), whose chief at the time was Lt Gen Manuel Diez-Alegria. The AEM was the only military body during those years that had a foreign intelligence service and engaged in electronic spying.

Under the military reform the AEM came to be called the Joint Chiefs of Staff (JUJEM), and the missions of electronic intelligence-gathering were transferred to the then recently created Superior Center of Defense Intelligence (CESID).

When this magazine contacted the spokesman of the Defense Ministry, Luis Reverter, he confirmed the existence of a communications base in Manzanares. Declining to go into detail, he merely stated: "Everything having to do with military defense communications is an official secret and is regarded as classified material."

For his part, the information adviser at the FRG Embassy in Madrid, Andreas von Matenheim, refused to provide any explanation: "My country has no communications base or station in Spain."

The facts speak louder than official silence, however. The center does exist. The land on which the monitoring center is located is surrounded by a metal fence to prevent access, although the 50 or so antennas and small bunkerlike hillocks next to them are readily visible from the outside.

Unlike other military bases, the Civil Guard is in charge of security at the facility. A score of guardsmen under the command of a sergeant monitor the interior and patrol the perimeter day and night, aided by closed-circuit TV and infrared ray devices for night vision. The Civil Guard has a barracks inside the base and performs this service alone.

The base is rectangular and covers more than 2 square kilometers, housing antennas of different shapes and sizes. A half dozen brick buildings dotting the property represent the accesses to the communications centers, which are

under ground. A sign at the main gate reads "Centro de Estudios de Propagacion Radioelectronica (CEPRA)," the official title that conceals the real nature of its mission.

The commander of the center is a lieutenant colonel, and the Spanish military personnel totals some 35, commissioned and noncommissioned officers alike, all of them specialists in transmissions. The base personnel always dress in civilian clothes, never allow themselves to be seen wearing a military uniform and live in the towns of Manzanares, Bolanos or Daimiel in homes that they are renting or even buying. The residents of the towns near the base say that at present there are probably no more than a half dozen German technicians, who like their Spanish colleagues "always wear civilian clothes."

Nothing to Fear

The mayor of Manzanares, Miguel Angel Pozas Sanchez, a member of the PSOE, says that "the military installation has never caused problems. In October 1983, just a few months after being named mayor, I myself and the representative of the Popular Coalition met with the base commander, who assured us that the town had nothing to fear because it was a communications center and there were no missiles or atomic bombs there, as popular rumor had it."

The intelligence gathered electronically at the Manzanares base has been used for years by the German Government in NATO spy agencies. "Under bilateral accords of this type Spain has been making its contribution to Europe's defense without belonging to the Atlantic Alliance," a colonel at Army Headquarters asserts, adding that "NATO, through the FRG, is benefiting from the information that is gathered in Spain, and not just at the Manzanares base."

The southern part of the Spanish plain has whetted the strategic appetite of NATO and the United States for some time now. It is the geographic center of the peninsula, which is the European continent's rearguard in the event of a crisis. Less than 100 kilometers as the crow flies from the Manzanares electronic spy base is the Los Yébenes nuclear fallout shelter in southern Toledo Province amid the mountains of the same name.

Work was completed 2 years ago on the underground shelter, which was carved right into the rock and can withstand atomic blasts, and complex communication, monitoring and control equipment is now being installed inside to run a war amid nuclear explosions for 30 days.

Officially, the Los Yébenes shelter was built to house the chief of state, the prime minister, the members of the Joint Chiefs of Staff, Armed Forces high commands and the heads of government bodies that are essential to the survival of the state in the event of a crisis.

Regardless of whether it is supposed to house the nation's highest authorities in times of crisis, Los Yébenes is part of the nuclear fallout shelter network that NATO maintains in several European countries.

Last Stronghold

In the front line of the Central European front is the nuclear fallout shelter outside Bonn. It would be the first to be activated in the event that fighting broke out between the Atlantic Alliance and the Warsaw Pact.

If the military forces of the Eastern European countries occupied the FRG and crossed the Rhine, on whose banks is located the nation's capital, Bonn, NATO's contingency plans call for the Paris and London shelters to be activated along a second line of the front to halt the advance of the Warsaw Pact forces. If this line and part of French territory were crossed, the last stronghold to be activated deep in Europe's rearguard would be the Los Yébenes shelter, "from which NATO and Spanish military officers would prepare to defend the Iberian stronghold with the aid of men and materiel from the United States." This was the explanation of a lieutenant colonel attached to the Defense General Staff, who said that NATO's contingency plans anticipate a conventional war with limited use of nuclear weapons. "If the two superpowers decide to use their strategic nuclear arms, all of this is of no use," he said in conclusion.

The Spanish military officers stationed at the Manzanares electronic spy base are assigned to CESID, the Defense Ministry's military secret service, and their appointments to serve at the base never appear in the ministry's Official Gazette. Spanish spy agencies compare the Manzanares base to the British secret service's listening center at Cheltenham in Gloucester County in southwest Britain. "You can listen in on the whole world from Manzanares," a military officer avers.

8743

CSO: 3548/85

POLL RESULTS ON PUBLIC OPINION OF ECONOMIC POLICIES

Madrid ACTUALIDAD ECONOMICA in Spanish 4-10 May 87 pp 78-85

[Text] 1. It is Left of Center

As in a shop, there is a little of everything, but most of Spanish society thinks that the government's economic policy is left of center.

2. It Benefits Big Business

CEOE [Spanish Confederation of Business Organizations], as the big business management representative, appears as the major beneficiary of the current economic policy. Few think that the latter is benefiting small business owners.

3. There Is an Alternative

By an overwhelming majority (enlarged primarily by AP [Popular Alliance], IU [United Left], and CDS [Social Democratic Center Party] voters), Spaniards believe that it is now possible to create an economic policy different from the present one. This is also the belief of the majority of PSOE [Spanish Socialist Workers Party] voters.

4. It Should Be More Progressive

With the exception of the AP voters, who think that the alternative economic policy should be more conservative, those polled from the other political options believe that it should be more progressive.

The vacation atmosphere has not reduced the levels of labor disputes. Moreover, their persistence is beginning to depict a political scenario the main innovation of which originates in a Socialist erosion that is increasingly more difficult to conceal.

BAROMETRO's previous survey showed how public opinion was more sympathetic toward the aspirations of the various conflicting sectors than with the government's positions per se. This month, new, telling data have been collected on the same issue, generally contradicting the government's economic discourse.

In the first place, a large majority of the citizens think that the origin of the disputes lies in the fact that the various sectors "are fighting to defend their labor demands" (40.6 percent), as opposed to the hypothesis that "there is a widespread political opposition to the government," as maintained by the latter and only 19.0 percent of the population. A final third of those who responded (27.5 percent) believe in the simultaneous presence of labor and political reasons.

On the other hand, public opinion is not unanimous when it is time to rate the government's current economic policy. Nearly half identify it with left of center or leftist positions, but nearly another 40 percent place it right of center. This view is shared by over 30 percent of the Socialist voters, more than 20 percent of the Alliance backers, another similar percentage of Centrists, and three quarters of the United Left supporters. Only among Popular Alliance voters is the Socialist government's economic policy described as definitely leftist.

In accordance with the foregoing, the majority of the public (43.2 percent) conclude that there is one clearcut beneficiary of that policy: big business owners. This opinion is shared by all electorates, including the Socialist (41.9 percent). To be added to this noteworthy figure is another 28.4 percent who see no beneficiary of the present economic policy. Those mentioning the workers are nearly a tenth of the number citing big business owners (5.3 percent), and there are even fewer who mention small business owners (2.8 percent). Only a final 12 percent view everyone, in general, as beneficiaries of that policy. This latter figure owes its size to the fact that it is shared by 26.4 percent of the Socialist electorate, but it does not amount to 6 percent among the rest.

Furthermore, the general impression is that the government is not showing sufficient willingness for negotiation to resolve these disputes. This is the opinion of 50.5 percent of the population, compared with 36.6 percent who think the opposite. The lack of willingness for negotiation is charged by all voters (in particular, by 81.7 percent of the Communists and 74.2 percent of the Alliance voters), except among the Socialists, 64.3 percent of whom acknowledge the government's good intentions.

Things Could Become Better...and Worse

Finally, the government's economic discourse also collapses owing to the so often argued possibility factor: "It is progressive, and it is the only one possible," declares the government. It does not appear to be either the one or the other to the public: 58.5 percent of those polled express the view that it would be possible to create another different economic policy. Their distribution among electorates is no less telling: 60 percent of Centrists, 82 percent of Communists, 80 percent of Alliance voters, and 42 percent of Socialists themselves. The contrary opinions are in the minority, therefore, among all electorates.

None of the foregoing translates into Spaniards' believing that, if there were a different government, things would progress better. In fact, according to the view of 35.5 percent of those polled, the economic situation would have been worse "if there were an AP government," as opposed to another 18.8 percent who had expected a more positive result.

Based on that same hypothesis, greater disputes should have been expected, in similar proportions. If, on the other hand, former Prime Minister Adolfo Suarez had governed, those interviewed imagine a scenario quite similar to the actual one: The economic situation would persist in more or less the same way, and the labor disputes would be more or less the same. The alternative hypothesis is less pessimistic.

Finally (as has already been noted in other BAROMETROS) the labor disputes have no obvious social beneficiary. During these past months, the majority trade unions have lost a considerable number of points from their "good" image. Insofar as UGT [General Union of Workers] is concerned, the loss is more than 5 full points, and the increase in a "bad" image, 7 points. CCOO [Workers Committees], for their part, lose 7.3 points in the "good" image, and have an increase of nearly 10 points in the bad one. The balances of one minus the other are now negative in both instances, although the position is still slightly favorable for CCOO.

All of this despite the fact that two out of every three Spaniards with an opinion formed on the subject express approval for creating an economic policy of a more progressive type. Except for the Alliance voters, this demand is voiced by the other electorates in percentages exceeding 70.

Prime Minister and Government Continue Downhill

BAROMETRO's last survey also reflected what was by then a clear indication of the loss of popularity by Prime Minister Felipe Gonzalez and his government. That loss was obviously related to the heightening of the labor disputes and the resultant social unrest. Since then, the disputes have increased, and the unpopularity of the government and prime minister has grown by an equal proportion.

In fact, Felipe Gonzalez has observed a decline of 3.8 points in his "good" image, and another 7.3 point rise in the "bad" one. The latter now stands at 39.6 percent of those polled, and the final result for the month is a negative image balance of 12.3 points. A complete record for a drop in popularity for the prime minister since December 1983, when BAROMETRO began.

Something quite similar has occurred in the case of his government itself: The "good" image has declined 3.7 points and, in the opposite direction, its "bad" image has risen by 3.2 points. Hence, the evolution of the neutral vote (good opinions minus bad ones) is also negative for the government, standing at 19.8 negative points. Here too, there appears a record decline in all the public opinion gathered by BAROMETRO concerning the government over the past 40 months.

From the Socialist perspective, the data should be doubly disturbing; because of their very magnitude and because they have already affected a considerable portion of their electorate. Note that the "good" image of the prime minister (which about 80 percent of Socialist voters had last July) has now reached 45 percent thereof. On the other hand, at that time very few Socialist voters were voicing a fair or bad opinion of the prime minister: 18.7 and 1.1 percent, respectively. Now then, at present the "fair" opinion amounts to 41.9 percent of Socialists, and the "bad" one to another 10.9 percent of the same electorate. The correlative data are even more serious for the government as a whole: Among Socialist voters, since last July, the "good" image has declined from 71.3 to 45.7 percent; the "fair" image has risen from 26.3 to 41.9 percent; and the "bad" one has increased from 2 to 10.9 percent.

Without the Absolute Majority

Although its translation is not automatic, the reflection of all the foregoing is a notable loss of electoral preferences by the government party. Also reinforced in this is a tendency already shown last March. The decline affects 5.4 percent of the decided voters and 3.7 percent of the undecided ones. Their combination with losses during previous months has caused the decided intention to vote for PSOE to amount to only 32.1 percent; and, when the undecided are projected, to 36.3 percent of the total vote. Both are the lowest figures of those recorded for PSOE since the start of BAROMETRO.

That erosion appears to be as certain as its lack of materialization in a clear-cut, viable alternative. Those disaffections, by now considerable, could hardly become a gradual provider of gains for one political party or another, or a provider of new undecided individuals either.

Popular Alliance has retained its slight recovery after the last congress and the debated censure motion which gave it at least a relative confirmation in its political space. Following it, Adolfo Suarez' CDS also appears to have established itself in the upward trend that began immediately after the last elections in June 1986. This month, the data reflect a conserving voting intention of 23.5 percent, and 14.4 percent in the case of the Centrists.

There is already an obvious electoral competition among these groups. CDS' more moderate position has given it more sympathy among the rest of the electorates. For this reason, in the event of imminent elections, the majority of citizens presume better results for the latter than for AP, in view of the wonderful moment for the image of former Prime Minister Adolfo Suarez which, last month, even surpassed that of the prime minister, Felipe Gonzalez, himself.

Technical Record

Direction: Communication Techniques Consultants, Inc
Execution: Sigma-Dos, Inc
Universe: persons aged 18 and over

Scope: Spain, with the exception of the Canaries, taking 13 autonomous regions as a sample

Sample: 1,111 interviews, with a margin of error of ± 3.0 percent, for a confidence interval of 95.5 percent, and $P/Q = 50$, based on the Arkin and Colton tables

Selection: aleatory, based on the "random route" method, supplemented by the corrective system of quotas based on sex, age, and occupation

Interviews: held through personal visit to residence

Field work dates: from 3 to 8 April 1987

Key to Charts 1-4:

1. The economic moderation
2. Which of these positions do you consider most fitting for the economic policy currently being implemented by the government?
3. General vote, 1986
4. Overall
5. Right
6. Right of center
7. Center
8. Left of center
9. Left
10. Don't know/no answer
11. Favors business owners
12. Which sector do you think is most benefited by the government's current economic policy?
13. Big business owners
14. Small business owners
15. Workers
16. Everyone
17. No one
18. But it could be replaced
19. Do you consider it possible to create an economic policy now that is substantially different from the current one?
20. Yes
21. By a more progressive model
22. In your opinion, should this different policy be
23. More conservative
24. More progressive

LA MODERACION ECONOMICA

(1)

¿Cual de estas posiciones cree usted que se ajusta mejor a la Política Económica (2) que practica actualmente el Gobierno?

	(3) Voto Generales 86			
	(4) GLOBAL	PSOE	AP	IU CDS
Derecha (5)	9,8	5,9	6,1	25,0 1,9
Centro-Derecha (6)	15,4	13,4	5,3	33,3 21,2
Centro (7)	13,4	13,7	10,6	15,0 7,7
Centro-Izquierda (8)	28,7	35,4	25,4	16,7 42,3
Izquierda (9)	19,7	20,8	43,2	6,7 9,6
N.S./N.C. (10)	13,0	10,9	9,1	3,3 17,3

(18)

PERO SE PUEDE CAMBIAR...

(19) ¿Cree usted que es posible hacer hoy una Política Económica sustancialmente distinta de la actual?

	(3) Voto Generales 86			
	(4) GLOBAL	PSOE	AP	IU CDS
Si (20)	58,5	41,9	80,3	81,7 59,6
No	19,0	36,0	6,1	8,3 9,6
N.S./N.C. (10)	22,4	22,0	13,6	10,0 30,7

GANAN LOS PESIMISTAS

(1)

De los siguientes factores económicos ¿cuáles cree usted que en el futuro van a mejorar, cuáles a empeorar y cuáles seguirán igual? (2)

(10)

(4) Abril 87

Mejorará (5)
Seguirá igual (6)
Empeorará (7)
N.S./N.C. (8)

... FAVORECE A LOS EMPRESARIOS...

(11)

¿Que sector cree usted mas beneficiado con la actual (12) Política Económica del Gobierno?

	(3) Voto Generales 86			
	(4) GLOBAL	PSOE	AP	IU CDS
Los grandes empresarios (13)	43,2	41,9	21,2	85,0 46,2
Los pequeños empresarios (14)	2,8	4,7	2,3	0,0 0,0
Los trabajadores (15)	5,3	8,1	6,1	0,0 1,9
Todos (16)	12,0	26,4	3,0	1,7 5,8
Ninguno (17)	28,4	11,6	63,6	10,0 36,5
N.S./N.C. (10)	8,4	7,1	3,8	3,3 9,6

(21)

... POR UN MODELO MAS PROGRESISTA

(22) A su juicio, ¿esta política distinta debería ser...?

	(3) Voto Generales 86			
	(4) GLOBAL	PSOE	AP	IU CDS
Más conservadora (23)	27,1	6,6	71,7	4,0 21,9
Más progresista (24)	60,5	80,1	17,0	90,0 71,9
N.S./N.C. (10)	12,4	13,2	11,3	6,0 6,3

EXPORTACIONES

(3)

(4) Abril 87

Mejorará (5) 41,6
Seguirá igual (6) 30,0
Empeorará (7) 17,8
N.S./N.C. (8) 10,6

(11)

(4) Abril 87

Mejorará (5)
Seguirá igual (6)
Empeorará (7)
N.S./N.C. (8)

CAPACIDAD PRODUCTIVA

(9)

(4) Abril 87

Mejorará (5) 32,4
Seguirá igual (6) 39,2
Empeorará (7) 18,1
N.S./N.C. (8) 10,3

(12)

(4) Abril 87

Mejorará (5)
Seguirá igual (6)
Empeorará (7)
N.S./N.C. (8)

Key to Chart 5:

1. Pessimists gain
2. Which of the following economic factors do you think will improve, worsen, and remain the same in the future?
3. Exports
4. April 1987
5. Will improve
6. Will remain the same
7. Will worsen
8. Don't know/no answer
9. Productive capacity
10. Inflation
11. Purchasing power
12. Unemployment

PEOR CON AP...					
(1) ¿Considera usted, que de haber gobernado AP estos últimos años,					
(2) la situación económica sería peor, igual o mejor?					
(3) Voto Generales 86					
(4)	GLOBAL	PSOE	AP	IU	CDS
Peor (5)	35,5	55,3	0,8	58,3	32,7
Igual (6)	31,7	28,0	16,7	30,0	36,5
Mejor (7)	18,8	3,7	74,2	3,3	9,6
N.S./N.C. (8)	14,1	13,0	8,3	8,3	21,2
(9) ¿Cree usted que ahora, y en general en los últimos cuatro años, si hubiera un gobierno de AP estos conflictos serían menores, iguales o mayores?					
(3) Voto Generales 86					
(4)	GLOBAL	PSOE	AP	IU	CDS
Menores (10)	18,6	5,3	69,7	8,3	9,6
Igual (11)	32,1	28,0	18,2	26,3	44,2
Mayores (12)	35,5	54,0	2,3	53,3	30,8
N.S./N.C. (8)	13,8	12,7	9,8	10,0	15,4
QUE CON SUAREZ					
(13) (14) ¿Y si hubiera gobernado Suárez?					
(3) Voto Generales 86					
(4)	GLOBAL	PSOE	AP	IU	CDS
Peor (5)	19,8	34,2	8,3	28,3	1,9
Igual (6)	47,1	40,4	47,7	50,0	39,6
Mejor (7)	15,9	7,1	24,2	13,3	56,8
N.S./N.C. (8)	17,2	18,3	19,7	8,3	11,5
(15) ¿Y si fuera un gobierno de centro con Adolfo Suárez de presidente?					
(3) Voto Generales 86					
(4)	GLOBAL	PSOE	AP	IU	CDS
Menores (10)	18,1	10,6	25,0	11,7	61,5
Igual (11)	46,3	40,7	50,0	48,3	28,8
Mayores (12)	19,4	32,6	6,8	30,0	0,0
N.S./N.C. (8)	16,2	16,1	18,2	10,0	9,6

Key to Charts 6-7:

1. Worse with AP
2. Do you think that, if AP had governed in recent years the economic situation would be worse, the same, or better?
3. General vote 1986
4. Overall
5. Worse
6. The same
7. Better
8. Don't know/no answer
9. Do you think that now, and generally during the past 4 years, if there had been an AP government, these disputes would be less, the same, or greater
10. Less
11. The same
12. Greater
13. Than with Suarez
14. And what if Suarez had governed?
15. And if there were a center government with Adolfo Suarez as prime minister?

Key to Charts 8-10:

1. Gonzalez and his cabinet at historic lows
2. What is your opinion of the current government prime minister, Felipe Gonzalez?
3. Overall
4. December
5. April
6. Good
7. Fair
8. Bad
9. Neutral vote
10. What is your opinion of the current government of the nation?
11. Labor disputes
12. Do you think that the present wave of disputes is occurring basically...
13. Because the disputing sectors are fighting to defend their labor demands
14. Because there is a widespread political opposition to the government
16. For both reasons
17. Don't know/no answer
18. Which the government refuses to resolve
19. Do you think that the government is showing a political willingness to resolve these disputes?
20. Yes

GONZALEZ Y SU GABINETE EN MINIMOS HISTORICOS

(1)

(4) ¿Qué opinión tiene usted del actual presidente del Gobierno, Felipe González?

(3) GLOBAL	Dic. 83	Mar. 84	Sep. 84	Dic. 84 (4)	Mar. 85	Sep. 85	Dic. 85 (4)	Mar. 86	Jun. 86	Sep. 86 (3)	Dic. 86	Mar. 87	Abr. 87 (5)
Buena (6)	54,1	45,7	37,8	39,8	38,2	38,5	35,3	34,2	30,2	34,3	33,8	31,1	27,3
Regular (7)	29,2	30,4	35,6	35,6	35,5	32,5	39,1	31,0	33,4	33,5	32,8	34,3	37,8
Malta (8)	12,3	18,5	21,2	20,5	24,7	25,6	24,0	31,8	33,8	30,0	31,0	32,3	39,6
Voto neutro (9)	41,8	27,2	16,6	19,3	13,5	12,7	11,3	2,4	-3,6	4,3	2,8	-1,2	-12,3

(3)

(4)

(10) ¿Qué opinión tiene usted del actual Gobierno de la nación?

GLOBAL	Dic. 83	Mar. 84	Sep. 84	Dic. 84 (4)	Mar. 85	Sep. 85	Dic. 85 (4)	Mar. 86	Jun. 86	Sep. 86 (4)	Dic. 86	Mar. 87	Abr. 87 (5)
Buena (6)	39,4	32,3	26,6	27,8	28,0	29,5	26,5	26,1	21,9	29,3	27,6	23,5	19,8
Regular (7)	38,5	37,0	40,5	40,9	40,6	38,6	43,7	37,2	34,6	37,4	37,2	37,8	37,8
Mala (8)	17,6	25,4	27,2	26,5	28,7	28,4	27,8	33,4	40,9	30,7	32,6	36,4	39,6
Voto neutro (9)	21,8	6,9	-0,6	1,3	-0,7	1,1	-1,3	-7,3	-19,0	-1,4	-5,0	-12,9	-19,8

(11)

CONFLICTOS LABORALES ...

(12)

¿Cree usted que la actual oleada de conflictos se produce fundamentalmente...?

	(3) GLOBAL	(13) Voto Generales 86	PSOE	AP	IU	CDS
Porque los sectores en conflicto luchan por defender sus reivindicaciones laborales (14)	40,6	46,0	26,5	58,3	38,5	
Porque existe una oposición política generalizada en contra del Gobierno (15)	19,0	21,4	23,5	8,3	19,2	
Por ambas cosas (16)	27,5	22,0	38,6	33,3	30,8	
N.S./N.C. (17)	12,9	10,6	11,4	0,0	11,5	

(18)

QUE EL GOBIERNO NO QUIERE RESOLVER

(19) ¿Considera usted que el Gobierno está mostrando voluntad política para resolver estos conflictos?

	(3) GLOBAL	(13) Voto Generales 86	PSOE	AP	IU	CDS
Si (20)	36,6	64,3	15,2	8,3	19,2	
No	50,5	25,8	74,2	81,7	59,6	
N.S./N.C. (17)	12,9	9,9	10,6	10,0	21,2	

(1)
EL PSOE PIERDE LA MAYORIA

(2) (Intención de voto con proyección de indecisos)

	Jul. (3) 86	Ago. 86	Sep. 86	Oct. 86	Nov. 86	(4) Dic 86	(5) Ene. 87	Mar. 87	Abri. (6) 87
PSOE	44.2	45.1	44.4	43.0	42.3	42.9	44.1	40.1	36.1
CP (7)	24.0	25.1	24.2	23.3	23.7	19.8	21.1	23.1	23.6
IU/PCE (8)	5.2	5.1	5.1	5.6	6.4	5.5	5.6	5.7	5.8
CDS	11.2	13.1	12.8	14.1	13.7	16.3	13.9	14.9	14.4
CC (9)	2.1	4.2	5.2	4.8	5.1	5.1	5.1	5.1	5.1
PNV (10)	1.5	1.5	1.5	1.2	1.4	1.6	1.1	1.0	1.6
EE (11)	0.5	0.6	0.5	0.0	0.7	0.7	0.8	1.1	0.7
HB (12)	1.2	1.2	1.1	1.1	1.1	1.2	1.2	1.1	1.1
PRD (13)	0.8	1.1	0.8	0.4	0.2	0.4			0.7
MUC (14)	1.1	1.1	1.3	0.9	0.3	0.4	1.1	1.1	0.8
PDP (15)					1.0	1.0	1.1	0.5	0.5
Otros e indecisos sin proyectar (16)	5.2	2.1	1.3	5.1	4.1	5.7	4.9	5.5	10.1

Key to Chart 11:

1. PSOE loses the majority
2. (Voting intention with projection of undecided)
3. July
4. December
5. January
6. April
7. Popular Coalition
8. Leftist Unity (Spanish Communist Party)
9. Convergence and Unity
10. Basque Nationalist Party
11. Basque Left
12. Popular Unity
13. Democratic Reformist Party
14. Communist United Movement [of Santiago Carrillo]
15. Popular Democratic Party
16. Others and undecided without projection

2909

CSO: 3548/84

YEAR-BY-YEAR PRICE COMPARISON

Madrid TIEMPO in Spanish 4 May 87 p 58

[Excerpt]

(1)

LA CARREERA DE LOS PRECIOS									
AÑO (2)	INDICE GENERAL (3)	ALIMENTACION (4)	VESTIDO (5)	VIVIENDA (6)	MENAJE (7)	SALUD (8)	TRANSPORTES (9)	CULTURA (10)	OTROS (11)
1980	15,1	12,3	16,6	18,3	14,1	13,1	20,1	11,9	18
1981	14,4	13,9	12,0	17,2	11,7	14,8	15,4	14,9	15
1982	14,0	13,1	13,1	13,2	13,9	12,9	15,5	14,6	17
1983	12,2	12,7	11,5	9,3	12,5	15,0	10,4	10,0	16
1984	9,0	9,3	11,4	6,0	9,8	10,1	7,4	9,4	10
1985	8,1	9,2	10,0	6,5	8,7	7,3	5,6	8,0	8
1986	8,3	10,6	10,6	4,7	8,4	7,6	4,1	7,1	11
Evolución porcentual del índice (12)									

Key to Chart:

- | | |
|-------------------|--|
| 1. The Price Race | 7. Household Furnishings |
| 2. Year | 8. Health |
| 3. General Index | 9. Transportation |
| 4. Food | 10. Culture |
| 5. Clothing | 11. Others |
| 6. Housing | 12. Percentual Evolution of the Consumer Price Index (CPI) |

2909

CSO: 3548/84

TRADE WITH IRAN AT STANDSTILL

Istanbul DUNYA in Turkish 12 Mar 87 pp 1,7

[Text] Turkish-Iranian trade relations are worsening partly as a result of the political tensions that have emerged. Commenting on the trade volume between Turkey and Iran, which dropped to its lowest level in 4 years in 1986, officials of export and foreign trade financing firms agreed that this decline will continue through this year.

The export firm officials insisted that Turkey's decision to cut its oil imports from Iran by 80 percent in 1986 because of an unresolved dispute over price was the most significant cause of the proportional decline in trade between the two countries. The officials also believe that political developments in Iran have also had an effect on trade relations.

Stating that they do not consider Iran and Iraq stable markets, the export officials said: "We are not dependent on the Iranian and Iraqi markets. In response to adverse developments in those countries, we began to concentrate on countries which permit free foreign currency or which have trade agreements with Turkey."

Development of Trade Over Last 2 Years

Turkish exports to Iran declined by 34.1 percent from \$1,078,852,000 in 1985 to \$710 million in 1986. Meanwhile, Turkey's imports from Iran shrank by 81.6 percent from \$1,264,655,000 in 1985 to \$232 million in 1986.

Thus the trade volume between the two countries dropped from \$2,343,507,000 in 1985 to \$942 million in 1986.

Meanwhile, the trade balance between the two countries has generally grown in Turkey's favor in the last 4 years. The data available indicates that Turkey's trade deficit with Iran grew from \$134,335,000 in 1983 to \$797,195,000 in 1984.

Turkey's trade deficit with Iran declined to \$185,803,000 in 1985, and in 1986 for the first time Turkey's exports to Iran surpassed its imports from that country resulting in a trade surplus of \$231,290,000.

The latest figures show that among Iran's major trading partners--which include Japan, Italy, Holland, the FRG and Britain--Turkey is the smallest.

According to these figures, Japan buys 17 percent of Iran's exports, Italy accounts for 11 percent, Holland for 10 percent and Turkey for approximately 8.5 percent.

In Iran's imports, the FRG has a share of 16 percent, Japan 7 percent and Turkey 6.4 percent.

Namik Ekinici, the president of the Executive Committee of the Ekiniciler Holding Company, said that Iran has stopped issuing letters of credit in the last 1.5 months because of its Nevruz holiday and that before that letters of credit were often delayed. Ekinici said: "The Iranian market cannot be expected to be stable because of its war economy. Their situation can change at any time."

Stating that last year Iran halted even food imports because of domestic political reasons, Ekinici said that during that period Iran cut its imports from all countries.

Stating that exporters no longer rely on the Iranian and Iraqi markets, Ekinici said that exports have been shifted primarily to countries which permit trade with free foreign currency and which have trade agreements with Turkey. Insisting that the instability in Turkey's trade relations with Iran will continue through 1987, Ekinici said: "There may be abnormal increases or decreases in our exports to Iran at any time. Such changes are completely dependent on economic and political factors in Iran."

Noting that an Iranian iron-steel delegation is currently touring steel plants in Anatolia and Istanbul and that they will go to Izmir this morning, Namik Ekinici said that even with this visit they do not have great hopes on Iran.

Meanwhile, Turkish Foreign Trade Association President Mustafa Suzer said that although this year Turkish exporters to Iran will not be able to match the export figures of last year Iran remains one of Turkey's leading trade partners. Stating that the two neighboring countries need each other, Suzer said: "There are no problems between the two countries. I am hopeful that their relations will improve."

Stating that trade relations with Iran have temporarily stagnated because of that country's foreign exchange shortage, Suzer pointed out that this situation has been caused by Iran's war [with Iraq].

The director general of an exporting and foreign trade financing firm said that Turkey's decision to import very small amounts of oil from Iran last year is the most important cause of the decline in the trade volume between the two countries. He added:

"Turkey cut its oil imports from Iran by 80 percent last year because of a dispute over prices. Turkish exports to Iran declined by a similar amount. Exports and imports declined from roughly \$1 billion each last year to about

\$300 million to \$400 million this year. Our trade with Iran will continue to decline in 1987. All categories of Turkish exports have been affected by this pattern. In the past Iran used to buy manufactured products; now it buys raw materials. These developments are all the result of agreements or disagreements between governments. Any political development in Iran affects trade relations."

Table I. Turkish-Iranian trade (in thousand dollars)

	1983	1984	1985	1986
	----	----	----	----
Exports to Iran	1,087,717	750,860	1,078,852	710,000
Imports from Iran	1,222,052	1,548,055	1,264,655	232,000
Trade volume	2,309,769	2,298,915	2,343,507	942,000
Trade balance	-134,335	-797,195	-185,803	478,290

Table II. Share of major trade partners in Iran's trade (percent)

Exports		Imports	
Country	Share	Country	Share
-----	-----	-----	-----
Japan	17	FRG	16
Italy	11	Japan	12
Holland	10	Italy	7
Turkey	8.5	Turkey	6.4

9588

CS0: 3554/226

APPROPRIATIONS HALTED FOR ELECTRICITY PROJECTS

Istanbul DUNYA in Turkish 11 Mar 87 pp 1,7

[Nurhan Yonezer report]

[Text] Ankara--The release of only 20 percent of budget funds earmarked for investments in the first 3 months of the year--as stipulated by the implementation program of the 1987 budget--put investing public agencies and their contractors in a difficult position. The investing agencies, chiefly the State Hydraulic Affairs Directorate General [DSI] and the Turkish Electric Power Enterprise Directorate General [TEK], have depleted their funds. Beside not being unable to pay contractors for claims accrued in 1987, these agencies have been able to pay contractors only half of their last year's claims.

DSI has petitioned the Treasury for more funds. Stating that only half of the funds DSI asked for 1987 was approved, DSI officials said: "We are hoping that supplementary funds will be appropriated when Prime Minister Ozal returns from Houston." Meanwhile, contractors working for DSI who have been having difficulties because they have not been paid for work they have performed petitioned the Ministry of Public Works and Housing to solve their problems.

Projects Blocked

According to information obtained by DUNYA, the nonpayment of contractors because of the depletion of the investing public agencies' funds brought all projects other than the Ataturk Dam and Urfa Tunnel to near standstill. The Ataturk Dam and the Urfa Tunnel were unaffected by the shortage because they are largely financed by the Public Partnership Fund and because of their special priority.

As was the case last year, the first agency which began to face problems because of the shortage was DSI. DSI's expenditures for 1987 total 380 million Turkish lira. The deferred payments owed to the contractors carried over from last year total approximately 150 billion Turkish lira.

Because only 20 percent of the appropriated investment funds for 1987 were released in the first 3 months of this year, DSI contractors could be paid only 76 billion Turkish lira of their claims for last year. DSI needs another 65 to 70 billion Turkish lira to pay off the contractors' claims completely.

Caught in a difficult position between the contractors and the government, last week DSI asked the Treasury for supplementary funds.

DSI officials confirmed to DUNYA that the contractors could not be paid because appropriated funds have been depleted and said that this happened because "only one half of the funds requested were released at the beginning of 1987." Stating that the problem can only be solved with the appropriation of additional funds, the officials said that a decision will be made on their request for additional funds after the return of Prime Minister Ozal.

It has been learned that the same problems are being encountered in projects run by TEK. It has been determined that the directorates general of these two agencies instructed their regional directorates "not to process the monthly payments to contractors as stipulated in their contracts" and that "if payments are processed they not exceed 10 to 20 percent of the amounts specified in contracts."

Contractors Appeal

Meanwhile, a delegation composed of Turkish Construction and Installation Employers' Union (INTES) President Oguz Gursel and a group of officials representing contracting firms working for DSI pleaded with the Ministry of Public Works and Housing to arrange for the payment of their claims without delay.

Minister of Public Works and Housing Safa Giray asked for the request to be submitted in writing. However, the meeting produced no definite results because of the absence of Prime Minister Ozal from the country. After Ozal returns to Turkey, fresh meetings will be held with the Minister of Public Works and Housing and, if necessary, with Minister of Finance and Customs Kurtcebe Alptemocin. If the Prime Minister agrees, supplementary funds will be released to DSI and other agencies which are out of funds.

Contractors' Views

Noting that in past years 90 percent of the funds appropriated by the budget were released, contractor firm representatives said that this year's implementation of releasing only 20 percent of the appropriated funds has brought all investments to a virtual standstill.

Stating that firms with accrued claims from last year are in a particularly difficult position, firm officials said that contractors whose claims are not settled have been forced to borrow heavily. Insisting that the continuation and completion of the jobs contracted is impossible under these conditions, the officials said that they will renew their appeals after Prime Minister Ozal returns.

Projects Affected

The projects whose construction has slowed down or come to a complete halt because of the depletion of investing agency funds include large DSI-run

projects such as the Tercan Dam and Hydroelectric Power Plant, the Altinkaya Dam and Hydroelectric Power Plant, the Boybat-Kepez project, the Kiralkizi-Tigris Dam and Hydroelectric Power Plant and the Karakaya Dam.

It is reported that drinking water projects in Ankara, Istanbul and Izmir may also suffer. Investments are also expected to slow down in irrigation, storage, flood control and drainage projects in various agricultural areas.

Similarly, the depletion of TEK's investment funds will have adverse effects on the construction of the thermal power plants of Elbistan Yeni Catalagzi, Cayirhan, Soma, Seyitomer, Kemerkoy, Orhaneli and Yenikoy and the Thrace Natural Gas and Combination Cycle Power Plant.

Projects affected by financing difficulties of DSI and TEK

Project Name	Project Cost (in million Turkish lira)
<hr/>	
DSI Projects	
Tercan Dam and Hydroelectric Power Plant	3,733
Altinkaya Dam and Hydroelectric Power Plant	180,000
Boyabat-Kepez project	170,000
Kralkizi-Tigris Dam and Hydroelectric Power Plant	99,970
Southeast Anatolia Project Lower Euphrates 1st Phase Project	1,070,000
Eastern Black Sea Harsit 2d Phase Project	208,530
Karakaya Dam Project	215,050
TEK Projects	
Elbistan Thermal Power Plant	465,394
Yeni Catalagzi Thermal Power Plant	86,140
Thrace Natural Gas and Combination Cycle Power Plant	135,655
Cayirhan Thermal Power Plant	204,825
Kangal Thermal Power Plant	190,355
Orhaneli Thermal Power Plant	122,090
Soma-B Thermal Power Plant	136,410
Kemerkoy Thermal Power Plant	362,965

9588
CSO: 3554/226

STATE ENTERPRISES REPORTED NOT REPAYING LOANS

Istanbul TERCUMAN in Turkish 11 Mar 87 p 4

[Orhan Ceyhan report]

[Text] Ankara--The State Investment Bank [SIB] is having problems because of its loans to the state economic enterprises [SEEs].

The bank has been encountering severe difficulties in collecting its loans to SEEs and has had problems in fulfilling commitments elsewhere because of that.

According to a report prepared by the Higher Oversight Council of the Prime Ministry, the SEEs' debt to the SIB now exceeds 80 billion Turkish lira including interest. The report states that the SEE debt the SIB has been unable to collect amounts to 53.4 billion Turkish lira and continues: "The SIB has been able to collect only 36 percent of its loans to the PTT [Post, Telephone and Telegraph Administration], 39.4 percent of its loans to the Turkish Iron and Steel Works and 46 percent of its loans to TEK [Turkish Electric Power Enterprise Directorate General]."

The report notes that the biggest debtors to the SIB, Petkim [Petrochemical Corporation] and SEKA [Turkish Cellulose and Paper Factories Administration], have both paid nothing and advises that "legal action be taken for the collection of the outstanding debts."

The SIB's foreign-source loans now in default total 22.5 billion Turkish lira. Although the bank has not been able to collect payments from the SEEs to which it has lent foreign-source credit, it has made the appropriate payments to the foreign creditors.

Stating that it is evident that Petkim and Petlas will continue not to pay their debts in 1987, the Prime Ministry report says: "To enable the two corporations to pay their debts it has been decided to extend new loans to them. Petkim is to receive a loan of 100 billion Turkish lira with no interest, a repayment term of 7 years and a 2-year grace period while Petlas is to receive a loan of 5.7 billion Turkish lira with an interest rate of 35 percent, a repayment term of 8 years and a grace period of 2 years."



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